Ruicheng (China) Media Group Limited
瑞誠(中國)傳媒集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1640)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Ruicheng (China) Media Group Limited (the "**Company**") is pleased to announce the audited consolidated annual results (the "**Annual Results**") of the Company and its subsidiaries (together, the "**Group**" or "**we**") for the year ended 31 December 2020 (the "**Reporting Period**") prepared under the International Financial Reporting Standards (the "**IFRSs**"), together with the comparative figures for the corresponding period in 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Revenue	*3*	**446,993**	845,820
Cost of revenue		**(406,694)**	(738,992)
Gross profit		**40,299**	106,828
Other income, gains and loss	*4*	**10,369**	14,088
Selling and marketing expenses		**(9,726)**	(15,098)
Administrative expenses		**(14,016)**	(14,248)
Finance costs	*5*	**(8,519)**	(7,576)
Impairment losses of financial assets	*6*	**(14,031)**	(8,942)
Listing expenses		**–**	(18,918)
Profit before tax		**4,376**	56,134
Income tax expenses	*7*	**(1,550)**	(19,830)
Profit and total comprehensive income for the year	*8*	**2,826**	36,304
Profit (loss) and total comprehensive income (expense) attributable to:			
– Owners of the Company		**2,844**	36,282
– Non-controlling interests		**(18)**	22
		2,826	36,304
EARNINGS PER SHARE	*10*		
Basic (RMB)		**0.71 cents**	11.59 cents
Diluted (RMB)		**0.71 cents**	11.59 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Non-current assets			
Property and equipment		**1,814**	5,234
Intangible assets		**33**	38
Deferred tax assets		**6,291**	2,789
Long-term deposit	*11a*	**152**	303
		8,290	8,364
Current assets			
Drama series production in progress		**7,100**	–
Trade receivables, prepayments and other receivables	*11a*	**343,142**	443,700
Trade receivables backed by bills	*11b*	**–**	38,000
Amounts due from related parties		**300**	2,819
Contract assets	*12*	**21,079**	6,498
Loan receivable	*13*	**9,726**	12,579
Short-term bank deposit		**16,700**	–
Bank balances and cash		**1,072**	68,034
		399,119	571,630
Total assets		**407,409**	579,994
Capital and reserves			
Share capital		**3,578**	3,578
Reserves		**213,621**	210,777
Equity attributable to owners of the Company		**217,199**	214,355
Non-controlling interests		**124**	142
Total equity		**217,323**	214,497

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Non-current liabilities			
Lease liabilities		**307**	2,464
Other borrowings	*16*	**50,000**	–
		50,307	2,464
Current liabilities			
Trade and other payables	*14*	**46,260**	240,535
Tax payables		**15,140**	20,120
Contract liabilities	*15*	**2,001**	2,392
Bank and other borrowings	*16*	**75,511**	98,349
Lease liabilities		**867**	1,637
		139,779	363,033
Total liabilities		**190,086**	365,497
Total equity and liabilities		**407,409**	579,994

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Ruicheng (China) Media Group Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability under Companies Law of the Cayman Islands, on 15 January 2019 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 November 2019.

The address of the Company's registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands and the principal place of business is Room 201, 2/F, Building C1, Phase II, Dongyi International Media Industrial Park, No. 8 Gaojing Culture Park Road, Chaoyang District, Beijing, the People's Republic of China (the "PRC" or "China").

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of advertising services in the PRC.

The consolidated financial statements of the Group are presented in Renminbi ("RMB"), which is also the functional currency of the Company. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern

Notwithstanding that the Group has relatively low level of bank balances and cash and short-term bank deposit of approximately RMB1,072,000 and RMB16,700,000 respectively compared to bank and borrowings which is repayable within one year of approximately RMB75,511,000 as at 31 December 2020 and operating cash outflows of approximately RMB89,990,000 during the year ended 31 December 2020, the consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following matters:

(i) The Group will be able to obtain available financing from banks through successful negotiations for extension or renewal of those existing bank borrowings of approximately of RMB70,000,000 that are repayable within 1 year from the end of the reporting period.

(ii) The directors of the Company will continue to take active measures to control costs through various channels including human resources optimisation and also speed up the collection from settlement of trade receivables to improve operating cash flows and its financial position.

The validity of the going concern basis on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the above measures being taken by the directors of the Company and the outcome of these measures as described above. Hence, the directors of the Company are of the view that the Group would be able to generate sufficient funds to meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recognition of provisions or the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue operating as a going concern, and adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in International Financial Reporting Standards ("IFRSs") and the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") which are effective for the Group's financial year beginning 1 January 2020:

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRSs and the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2.2 New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

IFRS 17	Insurance Contracts and related Amendments[4]
Amendments to IFRS 3	Reference to Conceptual Framework[3]
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendment to IFRS 16	COVID-19 – Related Rent Concessions[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to IAS 1	Disclosure of Accounting Policies[4]
Amendments to IAS 8	Definition of Accounting Estimates[4]
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use[3]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendment to IFRSs	Annual Improvements to IFRSs 2018 – 2020 cycle[3]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2022.
[4] Effective for annual periods beginning on or after 1 January 2023.
[5] Effective for annual periods beginning on or after 1 June 2020.

The directors of the Company anticipate that the application of the new and revised IFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

Revenue by services nature

	2020	2019
	RMB'000	*RMB'000*
Television ("TV") advertising services		
– Hard-sell TV advertising services *(Note)*	**149,016**	207,934
– Advertising solution packages involving soft-sell TV advertising services *(Note)*	**84,416**	101,148
	233,432	309,082
Online advertising services	**89,200**	433,593
Outdoor advertising services	**72,079**	63,441
Other advertising services	**52,282**	39,704
	446,993	845,820

Note: Hard-sell TV advertising service is the placement of traditional advertisements during TV advertising time slots; and soft-sell TV advertising service is the implantation of advertisements in variety shows and TV series such as product placement, title sponsorship, subtitle advertisement and verbal slogan.

Revenue by customer types

	2020	2019
	RMB'000	*RMB'000*
Advertisers	**214,358**	504,679
Advertising agents	**232,635**	341,141
	446,993	845,820

Revenue by categories of products or services being advertised

	2020	2019
	RMB'000	*RMB'000*
Household furnishing & electronics	**136,435**	150,932
Foods and beverages	**96,046**	155,384
Telecommunications	**30,662**	25,694
Internet and mobile games	**54,215**	411,570
Pharmaceuticals	**113,876**	67,495
Automobile	**6,792**	15,886
Others	**8,967**	18,859
	446,993	845,820

Timing of revenue recognition

	2020	2019
	RMB'000	*RMB'000*
Over time	**446,993**	845,820

(ii) Performance obligations for contracts with customers

The Group principally earns revenue from the provision of advertising services which usually range from one to twelve months. Advertising services typically meet the criterion where customers simultaneously receive and consume the benefit of the Group's performance as the Group performs. Therefore, such revenue is recognised as a performance obligation satisfied over time, using output method.

The Group acts as the principal during the provision of advertising services and therefore recognised revenue earned and costs incurred related to these transactions on a gross basis where the Group is the primary obligor and are responsible for (1) identifying and contracting with third-party advertiser which the Group views as customers; (2) identifying and contracting with media platforms to provide advertising time or space where the Group views media platforms as suppliers; (3) establishing selling price for the advertising services; and (4) bearing sole responsibility for fulfillment of the advertising services.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All advertising services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

(iv) Segment information

Information reported to the directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of resources allocation and assessment of segment performance, focuses on types of services provided. During the years ended 31 December 2020 and 31 December 2019, the CODM assesses the operating performance and allocates resources of the Group as a whole, as all of the Group's activities are considered to be primarily the provision of advertising services. Accordingly, the CODM considers there is only one operating segment under the requirements of IFRS 8 Operating Segments. In this regard, no segment information is presented.

No geographic information is presented as the revenue, non-current assets and operations of the Group are primarily derived from its activities in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2020	2019
	RMB'000	*RMB'000*
Customer A[1]	**110,174**	124,891
Customer B[2]	**N/A[4]**	114,116
Customer C[3]	**N/A[4]**	102,724

1 Revenue is from TV advertising services, online advertising services, outdoor advertising services and other advertising services.

2 Revenue is from online advertising services.

3 Revenue is from TV advertising services and online advertising services.

4 The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective year.

4. OTHER INCOME, GAINS AND LOSS

	2020	2019
	RMB'000	*RMB'000*
Interest income on bank deposits	**86**	44
Government grants *(Note (i))*	**8,432**	6,307
Fair value gain of financial assets at FVTPL	**–**	2,594
Input tax additional deduction on value added tax *(Note (ii))*	**1,930**	2,776
Interest income on loan receivable	**1,137**	1,103
Imputed interest income on other receivable	**470**	–
Gain on early termination of a lease *(Note (iii))*	**11**	1,100
Foreign exchange (loss) gains, net	**(353)**	191
Wrtie-off of a deposit paid	**(943)**	–
Write-off of a property and equipment	**(267)**	–
Loss on disposal of equipment	**–**	(187)
Others	**(134)**	160
	10,369	14,088

Notes:

(i) The amounts represented subsidies received from the local governments for rewarding the Group's contribution to local economies and for listing. There were no specific conditions attached to the grants and the amounts were recognised in profit or loss when the grants were received.

(ii) The PRC subsidiaries were granted an input tax additional 10% deduction on value added tax from 1 April 2019 to 31 December 2021 according to relevant law on value added tax of the PRC.

(iii) During the year ended 31 December 2020, gain on early termination of a lease represented the net difference of RMB155,000 comprising a RMB1,743,000 decrease in right-of-use assets and a RMB1,898,000 decrease in lease liabilities, in addition to a RMB144,000 compensation paid by the Group.

During the year ended 31 December 2019, gain on early termination of a lease it represented the net difference of RMB732,000 comprising a RMB3,147,000 decrease in right-of-use assets and a RMB3,879,000 decrease in lease liabilities, in addition to a RMB368,000 compensation from the lessor who breached the contract.

5. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interests on:		
Bank and other borrowings	**6,519**	4,957
Lease liabilities	**120**	251
	6,639	5,208
Guarantee fees on bank borrowings	**1,880**	2,368
	8,519	7,576

6. IMPAIRMENT LOSSES OF FINANCIAL ASSETS

	2020	2019
	RMB'000	*RMB'000*
Impairment losses of financial assets:		
– Trade receivables	**13,635**	5,520
– Other receivables	**41**	2,963
– Loan receivable	**2,853**	421
– Contract assets	**116**	38
	16,645	8,942
Reversal of impairment losses of financial assets		
– Other receivables	**(2,614)**	–
Total impairment losses	**14,031**	8,942

7. INCOME TAX EXPENSES

	2020 *RMB'000*	2019 *RMB'000*
PRC Enterprise Income Tax ("EIT")		
Current year taxation	**5,492**	21,981
Over-provision in prior year	**(440)**	–
Deferred tax	**(3,502)**	(2,151)
	1,550	19,830

Under the Law of the PRC on EIT ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The applicable tax rate of Xizang Wanmei Advertising Co., Ltd.* (西藏萬美廣告有限公司)("Xizang Wanmei"), a wholly owned subsidiary of the Group, is 15% according to Circular Zang Zheng Fa [2018] No. 25 (the "Circular"). According to the Circular, enterprises located in Tibet and engaged in specific encouraged industries are qualified for applying a preferential tax rate of 15% for the periods from 2018 to 2020. As such, the EIT rate for Xizang Wanmei is 15% for both years. Subsequent to 31 December 2020, Ministry of Finance in PRC issued 2020 notice No. 23 to extend the tax concession period to 31 December 2030.

Pursuant to the laws and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands as there is no income tax imposed in such jurisdiction.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

* *English name is for identification purpose only.*

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2020	2019
	RMB'000	*RMB'000*
Staff costs		
Directors' and chief executive's emoluments	**2,445**	2,400
Other staff:		
– Salaries and other allowances	**7,337**	12,129
– Performance related bonuses *(Note)*	**2,171**	2,463
– Retirement benefits scheme contributions (excluding directors and chief executive)	**1,615**	1,709
Total staff costs	**13,568**	18,701
Amortisation of intangible assets	**5**	5
Depreciation of asset classified as hold for distribution to owners	**–**	54
Depreciation of property and equipment	**1,434**	2,512
Total depreciation and amortisation	**1,439**	2,571
Auditors' remuneration	**1,000**	1,380
Cost of revenue recognised relating to short-term leases	**30,126**	2,374

Notes: Performance related bonuses are determined by the management of the Company based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2020 (2019: nil), nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2020	2019
	RMB'000	*RMB'000*
Earnings for the purpose of basic and diluted earnings per share representing profit for the year attributable to owners of the Company	**2,844**	36,282

Number of shares

	2020	2019
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**400,000**	313,056

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Diluted earnings per share were the same as the basic earnings per share as there was no diluted potential ordinary shares in existence during the year ended 31 December 2020 and 2019.

11a. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables – contracts with customers	**340,323**	302,396
Less: allowance for credit losses	**(21,338)**	(7,703)
	318,985	294,693
Receivable from a supplier	**–**	30,048
Receivable from Investment A	**750**	879
Receivable from Investment B	**–**	19,530
Rental and other deposits	**2,603**	5,405
Others	**7,325**	2,131
	10,678	57,993
Less: allowance for credit losses	**(390)**	(2,963)
	10,288	55,030
Deductible value-added tax	**4,167**	18,688
Prepayments to suppliers	**9,854**	75,592
	14,021	94,280
Total trade receivables, prepayments and other receivables	**343,294**	444,003
Less: long-term deposits	**(152)**	(303)
Analysed as current assets	**343,142**	443,700

The Group generally determines the credit period granted to customers with reference to the financial position, credit record, duration of business relationship and the types of services the Group provides. Credit and payment terms may vary for different customers and projects. The Group generally issues billings to customers after performance of advertising services according to the terms set out in the relevant contracts.

For TV advertising services, the Group generally provides credit periods ranging from 15 to 90 days (2019: 15 to 90 days) after issued billings to customers.

For online advertising services, the Group generally provide credit periods of 90 days (2019: ranging from 15 to 90 days) after issued billings to customers.

For outdoor advertising services, the Group generally sets the contract terms by instalments within the contract period.

For other advertising services, the Group generally demands payment by instalments or in full prior to services being provided.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of billing which approximates the respective revenue recognition dates, at the end of the reporting period:

	2020	2019
	RMB'000	*RMB'000*
0 – 30 days	**132,041**	144,656
31 – 90 days	**32,437**	105,707
91 – 180 days	**7,902**	14,909
181 – 360 days	**105,416**	27,921
Over 360 days	**41,189**	1,500
Total	**318,985**	294,693

As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate net carrying amount of approximately RMB202,520,000 (31 December 2019: RMB94,656,000), which are past due as at the reporting date. Out of the past due balances, RMB142,014,000 (2019: RMB43,963,000), has been past due over 90 days and within two years and is not considered as in default because there is no significant change in credit quality and the amounts are still considered recoverable. The remaining past due balances of RMB60,506,000 (2019: RMB50,693,000) have been past due less than 90 days. The Group does not hold any collateral over these balances or charge any interest thereon.

11b. TRADE RECEIVABLES BACKED BY BILLS

	2020	2019
	RMB'000	*RMB'000*
Current		
Trade receivables backed by bills	**–**	38,000

On 15 May 2019, the Group received a one year bill receivable of RMB38,000,000 (the "Bill") from its customer. The Bill was classified as financial asset at FVTPL because the Bill is held within a business model whose objective is not to collect contractual cash flows but to sell. On 16 May 2019, the Group endorsed the Bill to a supplier to settle trade payables. As the endorsement was on a full recourse basis, the Group continues to recognise the full carrying amount of the Bill.

12. CONTRACT ASSETS

	2020	2019
	RMB'000	*RMB'000*
Current		
Contract assets	**21,079**	6,498

The Group generally collects the service fees either at the inception of the service contract or by instalments over the service period. Upon entering into a service contract with customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to perform advertising service to customers. The service contract is an asset if the measure of remaining conditional rights to consideration exceeds the satisfied performance obligations. Contract asset is recognised over the period of the contract in which the service is performed representing the Group's rights to receive consideration for the service performed because the rights are conditioned on the Group's future performance of remaining advertising service. The contract assets are transferred to trade receivables when the rights become unconditional, i.e. advertising services performed are verified by an independent third party with relevant qualifications and experience.

13. LOAN RECEIVABLES

On 31 October 2017, Beijing Ruicheng Advertising Co, Ltd. (北京瑞誠廣告有限公司) ("Beijing Ruicheng") entered into a contract, pursuant to which Beijing Ruicheng invested RMB13,000,000 in an internet drama and was entitled to share certain percentage of income to be generated from the internet drama distribution based on the proportion of investment amount. The directors of the Company designated the investment as FVTPL on initial recognition.

On 21 December 2018, a supplemental agreement was signed which entitled Beijing Ruicheng to a fixed rate of return of 18% for the period from 1 January 2019 to 31 December 2020. In view that there is significant modification of the contractual cash flows of the investment as of 21 December 2018, the financial asset at FVTPL with a carrying amount of RMB13,000,000 was derecognised and a loan receivable was recognised accordingly. The loan receivable was subsequently measured at amortised cost because the Group's business model was to hold the financial asset in order to collect contractual cash flow, and the cash flow of the investment met the IFRS 9 criteria as solely payment of principal and interest on the principal amount outstanding. No gain or loss is recognised from the derecognition.

As at 31 December 2020, the carrying amount of loan receivable of approximately RMB9,726,000 (2019: RMB12,579,000) was overdue, net of accumulated ECL impairment of RMB3,274,000 (2019: RMB421,000).

14. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**35,838**	215,109
Staff cost payables	**2,529**	1,615
Other tax payables	**2,785**	17,479
Transaction costs attributable to issue of new ordinary shares payables	**–**	1,375
Listing expenses payables	**1,937**	4,247
Accrued expenses	**3,171**	710
	46,260	240,535

The following is an aged analysis of the Group's trade payables, as at the end of each reporting period, based on the date of billing is as at the end of each reporting period:

	2020	2019
	RMB'000	*RMB'000*
0-30 days	**13,554**	170,569
31-90 days	**6,438**	41,876
Over 90 days	**15,846**	2,664
	35,838	215,109

The Group is granted a credit period from 5 to 60 days from its suppliers, unless prepayment to suppliers is specified on the contract.

15. CONTRACT LIABILITIES

	2020	2019
	RMB'000	*RMB'000*
Current		
Contract liabilities	**2,001**	2,392

Contract liabilities are recognised when the Company receives an amount from customers before services are provided, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received. The Company typically receives a deposit range from 20% to 50% of total consideration from certain customers when they enter into the contracts with the Company.

Revenue recognised during each reporting period included the whole amount of contract liabilities at the beginning of the respective reporting period. There was no revenue recognised during the year that related to performance obligations that were satisfied in prior years.

16. BANK AND OTHER BORROWINGS

	2020	2019
	RMB'000	*RMB'000*
Bank borrowings		
– secured *(Note (i))*	**–**	18,000
– unsecured *(Note (ii))*	**70,000**	78,891
Other borrowings		
– unsecured *(Note (iii))*	**55,511**	1,458
	125,511	98,349
Carrying amounts repayable (based on scheduled repayment dates set out in the borrowing agreements):		
Within one year	**75,511**	98,349
After one year but within two years	**50,000**	–
	125,511	98,349
Amounts shown under current liabilities	**75,511**	98,349
Amounts shown under non-current liabilities	**50,000**	–
	125,511	98,349

Notes:

(i) The bank borrowings were secured by the Group's trade receivables with certain customers of approximately RMB53,572,000 as at 31 December 2019. The secured bank borrowings bear a fixed interest rate of 7.395% per annum as at 31 December 2019, and was fully repaid during the year ended 31 December 2020.

(ii) The bank borrowings were guaranteed by four (31 December 2019: three) third party guarantors, who charged the Group an upfront guarantee fees range from 1.70% to 2.00% (2019: at 2.5%) of the corresponding loan principal amounts. The effective interest rates of these bank borrowings range from 7.15% to 7.92% per annum as at 31 December 2020 (31 December 2019: fixed at 8.08% per annum).

(iii) During the year ended 31 December 2020, the Group borrowed a loan of HKD76,480,000 (equivalent to approximately RMB69,500,000) from an independent third party for capital injection of its subsidiary. The loan bears a fixed interest rate of 12% per annum and was fully repaid during the year ended 31 December 2020.

During the year ended 31 December 2020, the Group borrowed additional loans of HKD11,000,000 (equivalent to approximately RMB9,511,000) from an independent third party for capital injection in its subsidiary. The loan bears a fixed interest rate of 12% per annum and will be repayable on 23 October 2021. As at 31 December 2020, the outstanding balances of these loans amounted to HKD6,374,000 (equivalent to RMB5,511,000) (2019: nil). The loans are fully settled subsequent up to the end of the reporting period.

During the year ended 31 December 2020, the Group borrowed another loan of RMB50,000,000 with a repayable term of two years of which RMB20,000,000 is repayable on 16 March 2022 and RMB30,000,000 is repayable on 16 September 2022, and guaranteed by the controlling shareholder of the Company. The effective interest rate of the loan is 6.50% per annum.

On 27 December 2019, the Group borrowed a loan of HKD1,625,000 (equivalent to RMB1,458,000) for working capital purpose from an independent third party. The loan was fully repaid on 27 June 2020. The effective interest rate of the loan is 12.32% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

Market overview

The year 2020 was an extraordinary one, with the sudden outbreak of the COVID-19 pandemic disrupting the normality of people's lives and having a profound impact on future market development. The national economy was under downward pressure, the growth rate of the population's income had declined and the entire consumer market had been affected to a greater or lesser extent. The impact of the pandemic on the economic market had also brought a blow to the advertising market. Advertisers had adopted a more cautious and contracted strategy in advertising due to risk aversion purposes, and there is a clear lack of incentive to spend on advertising placements. According to a report by CTR Media Intelligence, the entire advertising market experienced a stress reaction after the outbreak, with the expenses on advertising cases in China falling by 11.6% year-on-year in 2020. The advertising market was declining from February, but continued to grow month-on-month, and the year-on-year growth in the advertising market was largely stable as of December 2020. However, in terms of total placements, there was still a large gap compared to 2019 and even before. Due to the decrease in placements caused by the pandemic, the advertising market is expected to have more room for growth year-on-year in 2021. (Source: CTR Media Intelligence, "China Advertising Market Review 2020", March 2020)

Business review

TV advertising services

The Group provides professional and personalised TV advertising solutions to our customers and has successfully established long-term business relationships with major media suppliers, most of which are first-tier provincial satellite television stations in China. Such relationships give us a competitive edge in providing customers with a wealth of cost-effective communication resources, delivering high-quality advertising displays within their budgets, and maximising the effectiveness of advertising. During the Reporting Period, while facing an especially challenging COVID-19 pandemic-impacted market, we integrated our advantages and enhanced our competitiveness through the optimisation on the media resource portfolio, and leveraged more advertising placements from brand customers with customized advertising strategies and more comprehensive and in-depth communication services. During the Reporting Period, the Group provided TV advertising media services such as advertising placements of brands or products, implantation design of advertisements to customers, including a well-known domestic brand beverage seller and a large domestic telecommunications service provider, respectively, which gained recognition from various well-known customers.

In terms of content marketing business, the Group has been actively improving its creative design and communication capability to complete content placement ideas, content integration planning, secondary communication marketing and implementation action plans for various customers, so as to enhance customers' brand value by content integration. During the Reporting Period, the Group successively provided services to major advertiser customers, including a leading home appliances manufacturer in China with its headquarter located in Qingdao and a leading kitchen appliances manufacturer with its headquarter located in Ningbo, involving projects cooperation, namely the cooperation between a leading home appliances manufacturer in China (headquartered in Qingdao) and Shenzhen Satellite TV on a knowledge speech program on celebrating new year's eve, and the cooperation between a leading kitchen appliances manufacturer advertiser with its headquarter located in Ningbo and a provincial satellite TV station in Shanghai on a talent variety program, a comedy reality competition program and a large-scale home redevelopment program.

During the Reporting Period, the television advertising services business generated revenue of approximately RMB233.432 million.

Digital advertising services

The Group has continued to increase its investment in the internet, leveraging on the advantages of its online media and new media resource matrix, and continued to enhance its internet integration service capability through technologies of big data and precision placement, so as to continuously provide customers with effective high-quality online advertising resources and one-stop online marketing solutions. During the Reporting Period, the Group successively provided services to customers, including several large online mobile games in China. During the cooperation period, each brand has a better conversion rate in the placement on online media, which secured the sustainability of advertising placements. The Group has gained high recognition and praises from customers. The revenue from digital advertising services amounted to approximately RMB89.2 million.

Outdoor advertising services

The Group continues to strengthen and improve its market penetration in the areas of outdoor display boards, LED displays, building lifts and buses, subways and outdoor advertising. With our high-quality outdoor advertising resources and good connections with relevant suppliers, we are able to ensure that our customers' outdoor advertising placements needs are consistently fulfilled. During the Reporting Period, the Group successively provided certain domestic large pharmaceutical company customers with advertising placements in buildings and subways in various regions of China. The revenue from outdoor advertising services amounted to approximately RMB72.079 million.

Other advertising services

Building on the stable foundation formed by its original diversified media advertising services, the Group continues to develop and utilise resources in new areas such as radio advertising and magazine advertising to meet customers' diversified advertising needs. During the Reporting Period under review, the Group successively served some major domestic pharmaceutical companies, leading domestic home appliances manufacturers and other customers, with revenue from other advertising services amounting to approximately RMB52.282 million.

Financial review

Revenue and profit and total comprehensive income attributable to the owners of the Company

During the Reporting Period, the Group recorded revenue of RMB446.993 million, representing a decrease of 47.2% from RMB845.820 million for the corresponding period last year.

Revenue details for the Reporting Period under review are as follows:

(1) During the Reporting Period, revenue from TV advertising services was RMB233.432 million, representing a decrease of 24.48% from RMB309.082 million for the corresponding period last year. The rate of decline in revenue of the business is less than the rate of decline in total revenue in the Reporting Period under review; and despite the fact that such business revenue has declined, it has remained relatively stable.

(2) During the Reporting Period, revenue from online advertising services was RMB89.200 million, representing a decrease of 79.43% from RMB433.593 million for the corresponding period last year. The decrease in revenue of the business was mainly due to: (i) the outbreak and escalation of COVID-19 which had severely hindered the development progress of some of the Group's customers and suspended the investment and advertising of mobile games; and (ii) the fact that the Group postponed cooperation with certain customers of the Group's online advertising services since the customers' need for a longer credit period will affect the Group's operating cash flow, which will thereby extend the time difference between the payment to the Group's suppliers and the Group's collection of payments.

(3) During the Reporting Period, revenue from outdoor advertising services was RMB72.079 million, representing an increase of 13.62% from RMB63.441 million for the corresponding period last year. The revenue from the business has increased slightly mainly due to the increase of part of the investment amount by pharmaceutical customers during the epidemic, and save for the aforesaid reason, such revenue has remained relatively stable.

(4) During the Reporting Period, revenue from other advertising services was RMB52.282 million, representing an increase of 31.68% from RMB39.704 million. The main reason for the increase in revenue of the business was the addition of production planning services for some new corporate customers.

During the Reporting Period, the profit and total comprehensive income attributable to the owners of the Company was RMB2.826 million, while that of the corresponding period last year was RMB36.304 million.

Gross profit and gross profit margin during the Reporting Period

During the Reporting Period, the Group recorded gross profit and gross profit margin of approximately RMB40.299 million and 9.02%, respectively. The Group's gross profit and gross profit margin for the corresponding period last year were approximately RMB106.828 million and 12.63%, respectively. The Group's gross profit margin was lower than the level of the corresponding period, which is mainly due to uncontrollable reasons (the epidemic) during the Reporting Period that had caused China's various industries to under-operate on a overall basis; in particular, the impact on Beijing had been longer. as all employees had isolated at home for more than 40 days, and the flexible working system lasted for two months after the resumption of work. The decline in revenue is greater than the increase in cost.

OTHER INCOME, GAINS AND LOSS

During the Reporting Period, other income, gains and loss of the Group amounted to approximately RMB10.369 million, representing a decrease of approximately 26.40% from approximately RMB14.088 million for the corresponding period last year. During the Reporting Period, other income, gains and loss were mainly attributable to subsidies received from the local government of approximately RMB8.432 million and additional deductions of input tax on value-added tax of approximately RMB1.930 million. Other income, gains and loss for the same period last year were mainly attributable to the subsidy received from the local government, fair value gain of financial assets at FVTPL and the additional deduction of input tax on value-added tax.

Selling and marketing expenses

During the Reporting Period, selling and marketing expenses of the Group amounted to approximately RMB9.726 million, representing a decrease of approximately 35.58% from approximately RMB15.098 million for the corresponding period last year. The main reason for the decrease in selling and marketing expenses of the Group was due to the Group's business operations being affected by the outbreak and escalation of the COVID-19 pandemic, leading to the reduction of 17 full-time salespersons as compared with same period last year, and the reduction of social security insurance required to be paid by the Group during the pandemic.

Administrative expenses

During the Reporting Period, the Group recorded administrative expenses of approximately RMB14.016 million, representing a year-on-year decrease of approximately 1.63% from approximately RMB14.248 million in the same period last year. During the Reporting Period, the main reason for the decrease in administrative expenses of the Group was due to the Group's business operations being affected by the outbreak and escalation of the COVID-19 pandemic, leading to the reduction of 17 full-time salespersons as compared with same period last year, and the reduction of social security insurance required to be paid by the Group during the pandemic.

Finance costs

During the Reporting Period, finance costs of the Group amounted to approximately RMB8.519 million (same period last year: approximately RMB7.576 million), representing an increase of 12.45%, which was mainly due to the change in part of the loan structure in 2020, which is caused by the increase in individual financing costs.

Impairment losses under expected credit loss model, net of reversals

During the Reporting Period, the Group recorded an impairment loss on receivables of approximately RMB14.031 million (same period last year: approximately RMB8.942 million), representing an increase of approximately RMB5.089 million as compared to the previous year. The Group continued to make impairment loss on receivables mainly due to the decrease in the turnover rate of the Group's receivable as a result of the COVID-19 pandemic. The Group took action and sent demand notices to the relevant customers.

Income tax expense

For the Reporting Period, the Group's income tax expenses was approximately RMB1.550 million (same period last year: approximately RMB19.83 million), representing a year-on-year decrease of approximately 92.18%, which was primarily due to the decrease in taxable income for the year.

Profit for the year

The Group's profit for the Reporting Period as of 31 December 2020 was approximately RMB2.826 million (same period last year: approximately RMB36,304 million), representing a year-on-year decrease of approximately 92.20%. Save for the influences from the aforesaid factors, it can be attributed to the significant decline in the Group's revenue.

Deferred tax assets

As at 31 December 2020, the deferred tax assets were approximately RMB6.291 million (31 December 2019: approximately RMB2.789 million), which is mainly due to the fact that the outbreak and escalation of COVID-19 caused a decline in the turnover rate of some merchants' receivables which in turn led to an increase in the provision for credit losses on trade receivables.

Trade receivables, prepayments and other receivables

As at 31 December 2020, the Group's trade receivables, prepayments and other receivables amounted to approximately RMB343.142 million (31 December 2019: approximately RMB443.37 million), representing a decrease of approximately 22.66% as compared to the previous year. The decrease in trade receivables was mainly due to: (i) seasonal fluctuations in customer demand for the Group's advertising services; (ii) the outbreak and escalation of COVID-19 have severely hindered the investment and advertising of some of the Group's customers; and (iii) the Group postponed cooperation with certain customers of the Group's online advertising services since the customers' need for a longer credit period will affect the Group's operating cash flow.

Contract assets

As at 31 December 2020, the Group's contract assets were approximately RMB21.079 million (31 December 2019: approximately RMB6.498 million), representing a year-on-year increase of approximately 224.39%. It was mainly due to the outbreak and escalation of the COVID-19 pandemic that caused delays in independent third-party vendors with relevant qualifications and experience to verify the performance of the Group's advertising services.

Trade and other payables

As at 31 December 2020, trade and other payables of the Group amounted to approximately RMB46.26 million (31 December 2019: approximately RMB240.535 million), representing a year-on-year decrease of approximately 80.77%.

Trade payables represent the amount payable by the Group to suppliers for the purchase of advertising resources. Payments are generally made in accordance with the terms specified in the contract with the supplier. In the case of online advertising services, the Group is generally required to pay within 60 days of calculating the actual number of exposures or hits per month. During the Reporting Period, revenue from online advertising services was severely affected, with related major costs and trade payables reduced accordingly.

Tax payables

As at 31 December 2020, tax payables amounted to approximately RMB15.14 million (31 December 2019: approximately RMB20.12 million), representing a decrease of approximately 24.75% as compared with previous year. It was mainly due to the decrease in the business volume of the Group.

Significant investments, material acquisitions and disposals of subsidiaries and associated companies

The Group had not executed any agreement in respect of material investment or capital asset and did not have any other plans relating to material investment or capital asset as at 31 December 2020. Nonetheless, of any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and its shareholders (the "**Shareholders**") as a whole.

During the Reporting Period, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

Liquidity and financial resources

As at 31 December 2020, bank balances and cash and short-term bank deposit balances amounted to approximately RMB17.772 million (31 December 2019: approximately RMB68.034 million) of which, approximately 96.7% was in RMB and the remaining 3.3% was in HKD and other currencies.

As at 31 December 2020, the Group's total assets was approximately RMB407.409 million, of which equity attributable to the owners of the Company was approximately RMB217.199 million, non-controlling equity was approximately RMB0.124 million.

Capital expenditure

During the Reporting Period, the Group did not have any other significant capital expenditure.

Contingent liabilities

During the Reporting Period, the Group did not have any other significant contingent liabilities.

Pledged assets

During the Reporting Period, the details of the bank loans pledged or guaranteed by the Group's assets are set out in Note 16 to the consolidated financial statements.

Gearing ratio

The Group's gearing ratio increased from approximately 47.76% as at 31 December 2019 to approximately 58.29% as at 31 December 2020 was primarily due to the Group borrowed another loan of RMB50 million during the Reporting Period. The gearing ratio is calculated by dividing the sum of total bank and other borrowings and lease liabilities by total equity as at the end of the respective periods, and multiplied by 100%.

Foreign exchange risk

The Group's business activities and operations are mainly carried out in China where core transactions are conducted in RMB. The influence by exchange rate fluctuations on cash flow or liquidity of the Group's operating business is very limited, therefore, the Group currently did not engage in or intend to manage hedging activities of foreign exchange rate risk. The Group will continue to monitor foreign exchange activities to secure the Group's cash value as far as possible.

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuations in the prevailing market interest rates on bank balances and cash. The Group does not have an interest rate hedging policy.

The Group's fair value interest rate risk relates primarily to fixed-rate bank and other borrowings and lease liabilities. The Group's policy is to maintain short-term borrowings at prevailing market rates so as to minimise the fair value interest rate risk.

Industry and group outlook

Outlook

Looking ahead to 2021, the post-pandemic era will continue to affect people's living and consumption, and the market environment will still be affected by many uncertainties such as the slowdown in global economic growth and trade frictions between the United States and China, which put the development of the advertising industry under tremendous pressure and severe challenges. However, we always maintain confidence and expectation in the medium to long-term prosperity of China's economy, and we believe that with favourable domestic measures and policy actions to prevent the pandemic, China's economic activity will continue to recover back to normal, and the advertising market is expected to have certain room for growth year-on-year in 2021, and there is still pressure on the Group's year-on-year growth. To proactively respond to the current market changes and operational pressures, the Group will continue to implement a number of initiatives to enhance efficiency, continue to explore new industry customers to cope with the impact of the epidemic, actively mobilize all parties to collect customer payments, reduce the Group's short-term financial pressure, and prepare for addressing short-term market challenges and capturing future growth opportunities.

In 2021, there are still pressure on the Group's business recovery as affected by the epidemic, especially in terms of liquidity. The Group will also reduce unnecessary expenses and accelerate the collection on customer payment. Meanwhile, we will focus on our existing strengths and core competencies, further stimulate the creative energy of our team and improve operational efficiency. Based on the return of consumers to television media under the pandemic and the advertisers particularly value the authority and branding of the television medium, we will return to our main focus on TV advertising business, adhere to our customer-oriented product and service strategy, maintain existing quality customers, strengthen the development of new customers and enhance the brand influence of our customers through the efficient communication of television advertising. We will continue to strengthen our core strengths in content marketing and communications, and are committed to providing quality integrated content communication services to our customers, enhancing their brand value through content integration and innovation. At the same time, the Group will combine its experience and capabilities in content marketing and brand communication to conduct extended exploration in the field of content integration, and actively seek more in-depth cooperation opportunities and expand the ways of cooperation with brands through R&D, investment and operation in the brand-customized variety shows and IP direction, so as to accelerate the continuous optimisation and development of the Group's medium- and long-term business structure. In line with the development trend of the internet, we will continue to maintain a steady development of our digital advertising business and continue to enhance our internet integration service capability through the use of big data and precision placement technology, so as to provide one-stop digital marketing solutions to our customers and enhance their placement effectiveness and brand influence on the internet.

Use of proceeds from the initial public offering

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 November 2019 (the "**Listing Date**") and the net proceeds raised from this initial public offering after deducting professional fees, underwriting commissions and other related listing expenses amounted to approximately HK$78.8 million (the "**IPO Net Proceeds**").

As disclosed in the Company's announcement dated 24 February 2020, the Board resolved to change the use of unutilised IPO Net Proceeds. The below table sets out the intended use of the IPO Net Proceeds and the actual usage up to 31 December 2020:

Intended use of IPO Net Proceeds	**Original allocation of IPO Net Proceeds**	**Revised allocation of IPO Net Proceeds**	**The accumulative amount of IPO Net Proceeds utilized as at 31 December 2019**	**The amount of IPO Net Proceeds utilized between 1 January 2020 to 31 December 2020**	**The unutilized amount of IPO Net Proceeds as at 31 December 2020**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Enhancing the Group's market position in TV advertising through strengthening its financial position to satisfy the prepayment obligation to TV stations to acquire TV advertising resources	37.6	33.3	33.3	–	–
Further developing the Group's online advertising business	23.6	23.6	16.7	1.1	5.8
Further developing the Group's outdoor advertising business	9.7	9.7	8.6	–	1.1
Strengthening the Group's strategy formulation and data analytical capabilities and enhance its reputation in the market	7.9	7.9	–	1.3	6.6
General working capital purpose	–	4.3	–	4.3	–
	78.8	78.8	58.6	6.7	13.5

Save for the above, there has been no change in the intended use of the IPO Net Proceeds as disclosed in the prospectus of the Company dated 31 October 2019. The Company expects to utilise the IPO Net Proceeds within two years from the Listing Date. Due to the COVID-19 pandemic, it is expected that the utilization of the remaining unused net proceeds of the Company will be postponed to the end of 2021.

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

Neither of the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the Reporting Period.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There were no major subsequent events since the year end date and up to the date of this announcement.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Reporting Period.

DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020 (year ended 31 December 2019: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE CONTAINED IN APPENDIX 14 TO THE LISTING RULES

The Company is committed to maintaining a high standard of corporate governance practices. The Company has complied with the required code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely, Mr. Li Xue (the chairman), Mr. Wu Ke and Mr. How Sze Ming. The primary duties of the audit committee are to make recommendation to the Board on the appointment and removal of external auditors, review of the Company's financial information, and oversight of the Company's financial reporting system, risk management and internal control procedures. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2020. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this annual results announcement.

EXTRACTS OF INDEPENDENT AUDITORS' REPORT

The following is extracted from the independent auditors' report on the consolidated financial statements of the Group for the year ended 31 December 2020. The report includes particulars of the material uncertainty related to going concern without modifying the opinion:

"Opinion

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 2020, 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") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the consolidated financial statements, which indicates that the Group has relatively low level of bank balances and cash and short-term bank deposit of approximately RMB1,072,000 and RMB16,700,000 respectively compared to bank and other borrowings which is repayable within one year of approximately RMB75,511,000 as at 31 December 2020. These conditions, along with other matters as set forth in note 1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.reach-ad.com).

The annual report of the Company for the year ended 31 December 2020 containing all information required by the Listing Rules will be dispatched to the Shareholders and will be available on the above websites in due course.

By Order of the Board
Ruicheng (China) Media Group Limited
Li Na
Chairlady and Executive Director

Beijing, the People's Republic of China, 31 March 2021

As at the date of this announcement, the executive directors are Ms. Li Na, Mr. Feng Xing, Ms. Wang Xin and Mr. Leng Xuejun, and the independent non-executive directors are Mr. Wu Ke, Mr. Li Xue and Mr. How Sze Ming.