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SinoMedia[®]

SINOMEDIA HOLDING LIMITED

中視金橋國際傳媒控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00623)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2023, with comparative figures for the previous year.

FINANCIAL SUMMARY			
<i>RMB'000</i>	For the year ended 31 December 2023	For the year ended 31 December 2022	Change (%)
Revenue	759,836	719,490	+6%
Profit from operations	99,064	49,046	+102%
Profit attributable to equity shareholders of the Company	96,778	41,350	+134%
Earnings per share			
— Basic and Diluted	21.0 RMB cents	9.0 RMB cents	+133%
Proposed dividends per share			
— Final	9.2 HKD cents	4.5 HKD cents	+104%
— Special	7.0 HKD cents	—	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

		2023	2022
	Note	RMB'000	RMB'000
Revenue	3	759,836	719,490
Cost of services		<u>(637,869)</u>	<u>(577,124)</u>
Gross profit		121,967	142,366
Other income/(loss)	4	67,433	(108)
Selling and marketing expenses		(36,930)	(29,948)
General and administrative expenses		<u>(53,406)</u>	<u>(63,264)</u>
Profit from operations		99,064	49,046
Finance income	5(a)	30,827	12,986
Finance costs	5(a)	<u>(593)</u>	<u>(689)</u>
Net finance income		<u>30,234</u>	<u>12,297</u>
Profit before taxation	5	129,298	61,343
Income tax	6	<u>(32,751)</u>	<u>(20,323)</u>
Profit for the year		<u>96,547</u>	<u>41,020</u>
Attributable to:			
Equity shareholders of the Company		96,778	41,350
Non-controlling interests		<u>(231)</u>	<u>(330)</u>
Profit for the year		<u>96,547</u>	<u>41,020</u>
Earnings per share			
Basic and diluted (RMB cents)	7	21.0	9.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit for the year	96,547	41,020
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	(20,049)	(105,973)
Exchange differences on translation of financial statements of the Company	5,583	32,861
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the overseas subsidiaries	<u>(61)</u>	<u>(299)</u>
Other comprehensive income for the year	<u>(14,527)</u>	<u>(73,411)</u>
Total comprehensive income for the year	<u>82,020</u>	<u>(32,391)</u>
Attributable to:		
Equity shareholders of the Company	82,251	(32,061)
Non-controlling interests	<u>(231)</u>	<u>(330)</u>
Total comprehensive income for the year	<u>82,020</u>	<u>(32,391)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	8	166,644	172,380
Investment property	8	522,517	561,259
Intangible assets		2,490	3,342
Other non-current financial assets	9	134,514	105,880
Deferred tax assets		267	—
		<u>826,432</u>	<u>842,861</u>
Current assets			
Inventories		794	494
Other financial assets		—	4,545
Prepayments, trade and other receivables	10	126,639	129,394
Restricted bank deposits		760	—
Bank deposits	11	505,742	142,923
Cash and cash equivalents		416,005	704,635
		<u>1,049,940</u>	<u>981,991</u>
Current liabilities			
Trade and other payables	12	121,407	92,726
Contract liabilities	13	56,772	86,294
Lease liabilities		609	1,586
Current taxation		19,179	19,915
		<u>197,967</u>	<u>200,521</u>
Net current assets		<u>851,973</u>	<u>781,470</u>
Total assets less current liabilities		<u>1,678,405</u>	<u>1,624,331</u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current liabilities		
Lease liabilities	1,195	—
Deferred tax liabilities	5,190	15,107
	<u>6,385</u>	<u>15,107</u>
NET ASSETS	<u>1,672,020</u>	<u>1,609,224</u>
CAPITAL AND RESERVES		
Share capital	510,981	510,981
Reserves	1,169,873	1,106,664
Total equity attributable to equity shareholders of the Company	1,680,854	1,617,645
Non-controlling interests	(8,834)	(8,421)
TOTAL EQUITY	<u>1,672,020</u>	<u>1,609,224</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2023 and 2022 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 2022 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 2023 in due course.

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

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

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

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended standards issued by the IASB/HKICPA to these financial statements for the current accounting period:

- IRFS 17/HKFRS 17, *Insurance contracts*
- Amendments to IAS 8/HKAS 8, *Definition of accounting estimates*
- Amendments to IAS 1 and IFRS Practice Statement 2/Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of accounting policies*
- Amendments to IAS 12/HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12/HKAS 12, *International tax reform — Pillar Two model rules*

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

3 REVENUE AND SEGMENT INFORMATION

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

(a) *Disaggregation of revenue*

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS/HKFRS 15		
TV media resources management	489,352	438,058
Content operations, other integrated communication services and others	112,516	143,576
Digital marketing and internet media	117,608	84,337
	<u>719,476</u>	<u>665,971</u>
Revenue from other sources		
Rental income	40,360	53,519
	<u>40,360</u>	<u>53,519</u>
	<u>759,836</u>	<u>719,490</u>

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

	2023	2022
	RMB'000	RMB'000
Point in time	80,275	60,401
Over time	639,201	605,570
	719,476	665,971

(b) Segment information

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

For the year ended 31 December 2023, there are RMB4,672 thousand of revenue generated from outside Mainland China (2022: RMB4,484 thousand). As at 31 December 2023, the balances of non-current assets, which are based on the physical location of the assets located outside Mainland China, are amounting to RMB7 thousand (2022: RMB8 thousand).

4 OTHER INCOME/(LOSS)

	<i>Note</i>	2023	2022
		RMB'000	RMB'000
Net gain on disposal of investment properties	(i)	68,153	—
Government grants	(ii)	4,528	12,526
Unrealised losses on financial assets	(iii)	(8,622)	(13,168)
Dividend income		1,117	991
Net gain from acquisition of a subsidiary		1,120	—
Others		1,137	(457)
		67,433	(108)

(i) The Group disposed certain investment properties with net proceeds of RMB87,808 thousand during the year ended 31 December 2023 (2022: nil), including an office unit and 12 car parking spaces. At the time of the disposal, the net book value of the properties was RMB23,180 thousand, and the Group recognised a gain on disposal of RMB68,153 thousand.

(ii) It is the unconditional discretionary grants received from the local government authorities in recognition of the Group's contribution to the development of the local economy.

(iii) The unrealised losses were from the investment in China Feihe Limited.

5 PROFIT BEFORE TAXATION

(a) Finance income and costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income on bank deposits	<u>30,827</u>	<u>12,986</u>
Finance income	<u>30,827</u>	<u>12,986</u>
Net foreign exchange loss	(550)	(564)
Interest on lease liabilities	(43)	(94)
Others	<u>—</u>	<u>(31)</u>
Finance costs	<u>(593)</u>	<u>(689)</u>
Net finance income	<u><u>30,234</u></u>	<u><u>12,297</u></u>

(b) Staff cost

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages and other benefits	47,382	52,194
Contributions to defined contribution plan	<u>3,437</u>	<u>3,868</u>
	<u><u>50,819</u></u>	<u><u>56,062</u></u>

(c) Other items

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amortization	852	852
Depreciation	23,478	24,554
(Reversal)/Provision of impairment losses	(7,535)	5,996
Auditors' remuneration	2,878	2,650
Professional fee	1,375	803
Research and development costs	3,928	6,795

6 INCOME TAX

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
Provision for PRC income tax for the current year	44,945	20,389
Over-provision in respect of prior years	<u>(2,003)</u>	<u>(1,874)</u>
	<u>42,942</u>	<u>18,515</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(10,191)</u>	<u>1,808</u>
	<u><u>32,751</u></u>	<u><u>20,323</u></u>

The provision for Hong Kong profits tax of the Company and its subsidiary incorporated in Hong Kong is based on the applicable rates on the estimated assessable profits in accordance with the relevant income tax rules and regulations of Hong Kong. For the years ended 31 December 2023 and 2022, the Company and its subsidiary in Hong Kong are under the two-tiered profits tax regime. The first HKD2 million of assessable profits earned by a corporation is taxed at half of the current tax rate (i.e. 8.25%) whilst the remaining profits will continue to be taxed at 16.5%. The Company and its subsidiary incorporated in Hong Kong did not have assessable profits subject to Hong Kong profits tax for the year ended 31 December 2023 (2022: Nil).

The income tax rate of the Company's subsidiary in Singapore is 17% (2022: 17%). No provision has been made for Singapore income tax as the Company's subsidiary in Singapore did not have assessable profits for the year ended 31 December 2023 (2022: Nil).

The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group entities in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. For the year ended 31 December 2023 and 2022, certain Group entities established in the PRC are at a preferential rate of 20% as small meager-profit enterprises. One Group entity established in the PRC is at a preferential rate of 15% as qualifying company in Guangdong-Macao In-Depth Cooperation Zone in Hengqin. Other Group entities established in the PRC are subject to PRC corporate income tax rate of 25%.

For the year ended 31 December 2023, the Company applied dividends withholding tax rate at 5% as it obtained the certificate of resident of the Hong Kong Special Administrative Region under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect of Taxes on Income" (2022: 10%).

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 RMB96,778 thousand (2022: RMB41,350 thousand) and the weighted average of 461,635,370 ordinary shares (2022: 461,635,370 shares) in issue during the year.

(b) *Diluted earnings per share*

There were no dilutive potential ordinary shares outstanding for the years ended 31 December 2023 and 2022. The effect of the deemed issue of shares under the Company's share option scheme was not included in the calculation of diluted earnings per share as they are anti-dilutive the years ended 31 December 2023 and 2022.

8 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Buildings held for own use carried at cost <i>RMB'000</i>	Fixtures, fittings and computer equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Investment property <i>RMB'000</i>	Total <i>RMB'000</i>
Original cost						
Balance at 1 January 2022	275,692	11,162	14,251	301,105	691,217	992,322
Additions	—	51	—	51	—	51
Disposals	—	(3)	(542)	(545)	—	(545)
Reclassification	(38,508)	—	—	(38,508)	38,508	—
Balance at 31 December 2022	<u>237,184</u>	<u>11,210</u>	<u>13,709</u>	<u>262,103</u>	<u>729,725</u>	<u>991,828</u>
Balance at 1 January 2023	237,184	11,210	13,709	262,103	729,725	991,828
Additions	1,910	293	—	2,203	—	2,203
Disposals	—	(241)	(271)	(512)	(45,955)	(46,467)
Balance at 31 December 2023	<u>239,094</u>	<u>11,262</u>	<u>13,438</u>	<u>263,794</u>	<u>683,770</u>	<u>947,564</u>
Depreciation						
Balance at 1 January 2022	66,982	10,697	12,264	89,943	141,355	231,298
Charge for the year	6,950	316	349	7,615	16,939	24,554
Disposals	—	(3)	(515)	(518)	—	(518)
Reclassification	(7,317)	—	—	(7,317)	7,317	—
Balance at 31 December 2022	<u>66,615</u>	<u>11,010</u>	<u>12,098</u>	<u>89,723</u>	<u>165,611</u>	<u>255,334</u>
Balance at 1 January 2023	66,615	11,010	12,098	89,723	165,611	255,334
Charge for the year	7,270	306	340	7,916	15,562	23,478
Disposals	—	(229)	(260)	(489)	(22,775)	(23,264)
Balance at 31 December 2023	<u>73,885</u>	<u>11,087</u>	<u>12,178</u>	<u>97,150</u>	<u>158,398</u>	<u>255,548</u>
Impairment loss						
Balance at 1 January 2022, 31 December 2022 and 31 December 2023	—	—	—	—	2,855	2,855
Net book value						
At 31 December 2023	<u>165,209</u>	<u>175</u>	<u>1,260</u>	<u>166,644</u>	<u>522,517</u>	<u>689,161</u>
At 31 December 2022	<u>170,569</u>	<u>200</u>	<u>1,611</u>	<u>172,380</u>	<u>561,259</u>	<u>733,639</u>

9 OTHER NON-CURRENT FINANCIAL ASSETS

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Financial assets measured at FVPL			
— Equity securities listed in Hong Kong	(i)	15,646	23,983
Equity securities measured at FVOCI			
— Investments in unlisted equity securities	(ii)	118,868	81,897
		134,514	105,880

- (i) As at 31 December 2023, the Group holds approximately 0.045% shares of China Feihe Limited (stock code: 6186) and designated the investment at fair value through profit or loss (“FVPL”). Dividends received on this investment were HKD1,241 thousand (approximately RMB1,117 thousand) during the year ended 31 December 2023 (2022: approximately RMB991 thousand).
- (ii) Investments in unlisted equity securities mainly represent shares in Bloks Group Limited and Beijing AIQI Technology Company Limited. The Group designated its investment in unlisted equity securities at fair value through other comprehensive income (“FVOCI”) (non-recycling), as the investments are held for strategic purposes. No dividends were received on these investments during the year ended 31 December 2023 (2022: Nil).

10 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade debtors and bills receivable, net of loss allowance	(i)	97,008	70,494
Deposits to media suppliers		9,126	8,707
Advances to employees		2,059	2,743
Other debtors, net of loss allowance		728	4,464
Financial assets measured at amortised cost		108,921	86,408
Prepayments to media suppliers		10,064	38,279
Others prepayments		2,464	2,193
Input VAT to be deducted		5,190	2,514
		17,718	42,986
Prepayments, trade and other receivables, net of loss allowance		126,639	129,394

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	83,783	52,746
3 months to 6 months	8,261	12,859
6 months to 12 months	4,431	2,556
Over 12 months	533	2,333
	97,008	70,494

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

11. BANK DEPOSITS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Bank deposits	505,742	142,923

At 31 December 2023, bank deposits of the Group represented fixed-term deposits from 6-month to 1-year in UBS AG Hong Kong Branch at an annual interest of 5.112% to 5.330% (2022: 3.808%).

12 TRADE AND OTHER PAYABLES

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	(i)	62,629	23,102
Payroll and welfare expenses payables		5,352	12,528
Other tax payables		4,550	5,082
Other payables and accrued charges		47,550	51,294
Dividends payable due to non-controlling interests		1,326	720
		<hr/>	<hr/>
Financial liabilities measured at amortised cost		121,407	92,726
		<hr/> <hr/>	<hr/> <hr/>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	36,645	15,217
3 months to 6 months	11,425	2,451
6 months to 12 months	8,882	2,301
Over 12 months	5,677	3,133
	<hr/>	<hr/>
	62,629	23,102
	<hr/> <hr/>	<hr/> <hr/>

13 CONTRACT LIABILITIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Media services contracts	47,165	73,648
Rental contracts	9,607	12,646
	<hr/>	<hr/>
	56,772	86,294
	<hr/> <hr/>	<hr/> <hr/>

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

14 DIVIDENDS

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HKD9.20 cents (equivalent to approximately RMB8.35 cents) (2022: HKD4.50 cents, (equivalent to approximately RMB3.96 cents)) per ordinary share	38,534	18,274
Special dividend proposed after the end of the reporting period of HKD7.00 cents (equivalent to approximately RMB6.35 cents) (2022: Nil) per ordinary share	<u>29,319</u>	<u>—</u>
	<u>67,853</u>	<u>18,274</u>

The final dividend and the special dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Dividends approved and paid to equity shareholders of the Company during the year	<u>19,042</u>	<u>15,788</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

2023 witnessed the resumption of economic production and commercial activities over time as the pandemic lockdowns were lifted. The economic recovery, however, was waved and non-linear due to the complex and volatile bigger picture, which has resulted in lower-than-expected internal momentum of market recovery.

According to the data released by CTR Media Intelligence, the advertising market suffered constant fluctuations and the TV advertising placement dipped by 0.2% year on year, narrowed as compared to the same period of the last year. (Source: CTR Media Intelligence, February 2024). Among them, TV advertising market spending fell 2.6% year on year in the first half of the year, and it stabilized from volatility over the second half of the year. There has been no sudden change in consumers' prudent spending habits developed in the past few years and their increased willingness to save due to the end of the pandemic, and advertisers generally followed relatively conservative defensive principles for marketing budgets. Overall, China's advertising industry has seen a turnaround, but the growth pressure lingers, and the basis for a sustained recovery has yet to be further consolidated.

Weathering the uncertainties and challenges in the post-pandemic era, the Group, in spite of difficulties, restructured its business and optimized its media resources for brand building during the year under review. Staying committed to providing customers with quality and diversified creative products and communication services, the Group moved further towards the strategic direction centering on the inter-screen creative communication services. Further, the Group also accelerated the cultivation of the operating capacity of FMCG brands in the family consumer segment, and expanded the market space for new business, further sustaining the profitable development of the Group.

BUSINESS REVIEW

TV ADVERTISING AND CONTENT OPERATIONS

I. TV Media Resources Management

The Group stayed dedicated to a customer-oriented product and service strategy and continued to strengthen its customer development and service capabilities in TV advertising marketing. During the year under review, the Group had the exclusive underwriting right for a total of 131,116 minutes of China Media Group advertising resources on “Boutique Financial Records” on CCTV-2 (Financial Channel), “Focus Today” and “Across the Strait” on CCTV-4 (Chinese International), CCTV-9 (Documentary Channel) and CCTV-14 (Children's Channel). It covered the market of finance and economics, current politics, culture and children, and brought diversified

communication channels to clients. During the year, confronting the fluctuating and recovering market and challenging business landscape, the Group, stretching its edges and experience in TV communications, worked on its leadership in the television advertising market amid difficulties by optimizing its marketing strategy and media product portfolio for enhanced competitiveness.

II. Content Operations

The Group provided clients with comprehensive and professional video production services. During the year under review, the Group successively served China Feihe, PICC, Yiwu Culture Tourism, Hong Kong Tourism Board, China Youth Development Foundation, Tiens Group and other clients, providing services involving advertising video shooting, producing and editing, and graphic design.

The Group continued the development of the content marketing business centering on video content R&D and production, customized creative video for clients, and realized the brand communication value of clients in the form of content marketing. During the year under review, focusing on the market demand of family consumption, through live broadcast interaction, short video, content implantation, program planning, animation development and publicity activities, the Group provided creative content communication services to clients including Chimelong Group, Aptamil, Nutrilon, Visit Qatar, Bank of Beijing, Hua Xia Bank, JETOUR and Caibai Jewelry.

III. Other Integrated Communication Services

The Group has gained recognition from a large number of renowned clients for its professional and efficient communication services and the philosophy of caring services. During the year under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multi-dimensional brand integration communication services to clients including China Feihe, CITIC Group, Ping An, Hubei Culture and Tourism, Jining Tourism, Ordos Tourism, China Duty Free Group, Gansu Agricultural Products, Bamboo Leaf Green Tea, Enshi Selenium-rich Tea, Taiji Ageratum Liquid, and Gani Marble Tiles.

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 Destination DC, Saudi Tourism Authority, Visit Qatar, Tourism Toronto, Tourism Yukon, Queen Sirikit National Convention Center and Vinpearl Hotel.

DIGITAL MARKETING AND INTERNET MEDIA

I. Digital Marketing

Relying on customer resources, media advantages, and data technology, the Group works on the core competitiveness of digital marketing by strengthening its internet integration service capabilities, and offers clients one-stop digital marketing solutions covering IP customization, identity authorization, publicity and promotion. Furthermore, the Group leveraged the advantages of the internet media resource matrix to optimize advertising placement strategy and efficiency by integrating high-quality traffic through the intelligent advertising placement system. During the year under review, the Group successively served China Feihe, China CITIC Bank, Huaxia Bank, Ping An Insurance, Sunshine Insurance, PICC, Didi Chuxing, Tianyancha.com, Kwai, Soyoung Technology, South Asset Management and other clients, and was highly recognized and praised by the clients.

II. Internet Media

www.boosj.com (播視網) of the Group focused on the video content operation in the healthy life field. In the two vertical fields, namely parent-child talent training and healthy life of the middle-aged and elderly, www.boosj.com refreshed its efforts to consolidate content building and self-media matrix layout to deeply explore the needs of family users with middle-aged and elderly people as the core. In addition, www.boosj.com, based on the community operation, activated the years-accumulated content users and launched MCN streamer training and growth plan to integrate private domain traffic and provide accurate and efficient channel services for e-commerce live streaming and brand marketing. During the period under review, www.boosj.com of the Group provided creative video and internet communication services to Jiangzhong Pharmaceutical, Yangtze River Pharmaceutical, Xianju Pharmaceutical, Xiaohutuxian, Weize Wallpaper and other brands.

www.wugu.com.cn (吾谷網) of the Group continued to focus on rural revitalization by giving full play to the function of agricultural information aggregation. During the year under review, www.wugu.com.cn, based on the mobile content matrix, brought together three areas of typical industrial revitalization projects, demonstration of farmers' wealth creation projects and agricultural brand building to effectively improve the timeliness, pertinence and effectiveness of agricultural information dissemination.

FINANCIAL REVIEW

REVENUE

For the year ended 31 December 2023, the Group recorded revenue of RMB759,836 thousand, representing a year-on-year increase of approximately 6% over RMB719,490 thousand for the last year.

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

- (I) Revenue from TV media resources management amounted to RMB489,352 thousand, representing a year-on-year increase of approximately 12% over 438,058 thousand for the last year. Facing the operation pressure and challenges, the Group will strive to overcome market difficulties for stable business development by optimizing marketing strategies, which means working more on media promotion, integrating marketing resources and improving incentive measures. In the year under review, the placement amount by tourism, medical care and automobile customers picked up compared with the last year, but that by real estate, construction materials and furniture and electrical appliances customers dropped significantly compared with the last year.
- (II) Revenue from content operations and other integrated communication services amounted to RMB112,516 thousand in aggregate, representing a year-on-year decrease of approximately 22% over RMB143,576 thousand for the last year. Among them:

Revenue from content operations amounted to RMB64,496 thousand, representing a year-on-year decrease of approximately 7% over RMB69,155 thousand for the last year. Revenue in this business was mainly generated from creative content marketing and commercial advertising video production. Due to the cycle of the production and acceptance of some projects, content creative marketing revenue dipped slightly compared to the last year.

Revenue from other integrated communication services amounted to RMB48,020 thousand, representing a year-on-year decrease of approximately 35% over RMB74,421 thousand for the last year. Revenue in this business was mainly generated from the commission revenue received from media suppliers where the Group acts as an agent to procure media resources for clients. Affected by the commission settlement cycle of media suppliers, commission revenue of the year decreased as compared with the last year.

- (III) Revenue from digital marketing and internet media amounted to RMB117,608 in aggregate, representing a year-on-year increase of approximately 39% over RMB84,337 thousand for the last year. During the year under review, (1) the intelligent programming advertising platform independently developed by the Group operated well, and high-quality customers increased the placement of advertising, resulting in significant year-on-year growth in digital marketing revenue; (2) the scale of internet media revenue declined compared with the last year.
- (IV) Revenue from rental amounted to RMB40,360 thousand, representing a year-on-year decrease of approximately 25% from RMB53,519 thousand for the last year. During the year under review, the Group disposed of the Group's office unit and parking spaces located at No. 6A, Chaoyangmenwai Avenue, Chaoyang District, Beijing, China, and the rents for some of the property office buildings have been lowered, making the revenue lower than the same period last year.

OPERATING EXPENSES

For the year ended 31 December 2023, the Group's operating expenses were RMB90,336 thousand in aggregate, representing a year-on-year decrease of approximately 3% from RMB93,212 thousand for the last year, and accounted for approximately 11.9% of the Group's revenue (2022: 13.0%). The Group continuously strengthened and improved the comprehensive budget management for operating expenses, reduced the non-essential expenditures, and actively implemented the measures for cost reduction and efficiency improvement, so as to enhance operating efficiency and maintain the ratio of operating expenses to revenue remained at a reasonable level.

Among them:

- (I) Selling and marketing expenses amounted to RMB36,930 thousand, representing a year-on-year increase of approximately RMB6,982 thousand from RMB29,948 thousand for the last year, and accounted for approximately 4.9% of the Group's revenue (2022: 4.2%). The increase in sales and marketing expenses was primarily due to increased expenses on travel activities and increased performance incentives for certain sales and marketing personnel.
- (II) General and administrative expenses amounted to RMB53,406 thousand, representing a year-on-year decrease of approximately RMB9,858 thousand from RMB63,264 thousand for the last year, and accounted for approximately 7.0% of the Group's revenue (2022: 8.8%). The decrease in general and administrative expenses was mainly because: (1) the impairment loss of receivables and inventory decreased by approximately RMB13,529 thousand as compared to the last year; (2) taxes related to the disposal of properties increased by approximately RMB3,526 thousand as compared to the last year.

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

- (I) In December 2022, the Group signed a capital increase agreement with Beijing AIQI Technology Co., Ltd. (“**AIQI Technology**”) to subscribe for a minority stake in AIQI Technology through capital increase in cash of RMB43,000 thousand. AIQI Technology is a mobile internet company focusing on the research and development and sales of toys, intelligent hardware and robot products, which is also a developer of intelligent interactive technology building block toys. As of 31 December 2023, the transaction procedures had been completed.
- (II) In June 2023, the Group entered into a Sale and Purchase Agreement and a supplementary agreement with Top Resource Conservation and Environment Corp. and Beijing Tianhao Intelligent Residual Heat Power Generation Company Limited to dispose of the Group’s office unit and parking spaces located at No. 6A, Chaoyangmenwai Avenue, Chaoyang District, Beijing, China, to Beijing Tianhao Intelligent Residual Heat Power Generation Company Limited. The proceeds from the disposal of properties amounted to RMB91,333 thousand. As of 31 December 2023, the transaction procedures had been completed.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had a stable financial position as a whole. As at 31 December 2023, cash and cash equivalents amounted to RMB416,005 thousand (2022: RMB704,635 thousand), of which approximately 90% was denominated in RMB, and 10% in HKD and other currencies. As at 31 December 2023, the Group had bank time deposits with maturity over three months mainly denominated in HKD and USD (equivalent to approximately RMB505,742 thousand in aggregate) (2022: equivalent to approximately RMB142,923 thousand).

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

- (I) The net cash inflow from operating activities was RMB21,139 thousand (the net cash outflow in 2022 was RMB9,825 thousand), which was mainly because: (1) the balance of trade and bills receivable increased by approximately RMB26,514 thousand compared with the end of last year; (2) costs paid in advance to media suppliers decreased by approximately RMB28,215 thousand compared with the end of last year; (3) costs payable to media suppliers increased by approximately RMB39,527 thousand compared with the end of last year; (4) the balance of advances from customers decreased by approximately RMB29,522 thousand compared with the end of last year; and (5) the income tax of approximately RMB43,678 thousand was paid.

- (II) The net cash outflow from investing activities was RMB294,330 thousand (2022: RMB142,176 thousand), which was mainly attributable to: (1) the increase in the time deposits with maturity over three months of approximately RMB356,686 thousand; (2) the payment of equity investments of approximately RMB57,020 thousand; (3) the bank deposit interest received of RMB24,694 thousand; and (4) the net proceeds from the disposal of properties of RMB87,808 thousand.
- (III) The net cash outflow from financing activities was RMB20,432 thousand (2022: RMB16,711 thousand), which was mainly attributable to the payment of the 2022 final dividend of approximately RMB19,042 thousand.

PROFIT AND EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

For the year ended 31 December 2023, due to a one-off gain from the disposal of investment properties during the year, the profit attributable to equity shareholders of the Company was RMB96,778 thousand, whereas the profit attributable to equity shareholders of the Company last year was RMB41,350.

As at 31 December 2023, the Group's total assets amounted to RMB1,876,372 thousand, which consisted of the equity attributable to equity shareholders of the Company of RMB1,680,854 thousand, and non-controlling interests of RMB-8,834 thousand.

As at 31 December 2023, the Group had no interest-bearing debts, and the gearing ratio of the Group was nil (31 December 2022: nil). The gearing ratio was calculated by dividing the sum of the year-end interest-bearing bank borrowings and other borrowings by the year-end total equity, and multiplying 100%.

As at 31 December 2023, the Group had no material contingent liabilities.

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

HUMAN RESOURCES

As at 31 December 2023, the Group had 199 employees in total, which was slightly less than that at the beginning of the year. During the year under review, despite the main business hit hard by the weak demand in the advertising market, the Group, by adhering to the policy of keeping the employee team stable and prioritizing the natural flow of employees, controlled the number of positions in the loss-making business segment, while increasing the number of positions in the content marketing and digital marketing segments. In addition, the Group raised the performance bonus for professional positions in sales and marketing, and implemented dynamic performance-related remuneration policies for all employees, so as

to intensify the relevance of working results to personal income. In terms of training, the Group regularly formulated and organized targeted training strategies and programs for its employees, including developing project sharing of classic cases in the field of international communications to help employees gain a deeper understanding of the cooperation model of content marketing; providing online training materials on cutting-edge technologies such as AI to encourage employees to actively expand their skills and enhance their work efficiency and quality; and providing analysis of customers' industries and interpretation of data to help marketing staff enhance their service professionalism. Meanwhile, the Group regularly organized interest and thought sharing events to enable employees to increase team cohesion and recognition of the corporate culture through group work and games. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under share option schemes. Share options that were granted and remained unexercised as of the end of the year totaled 15,252,000 units.

INDUSTRY AND GROUP OUTLOOK

According to the Purchasing Managers Index released by the Department of Service Statistics of NBS and China Federation of Logistics and Purchasing, in January 2024, the Purchasing Manager Index (PMI) of China's manufacturing industry was 49.2%, an increase of 0.2 percentage points compared with the previous month but still in the contraction territory for four consecutive months; the business activity index of the non-manufacturing industry was 50.7%, higher than that of the previous month by 0.3 percentage points; the business activity index of the service industry was 50.1%, 0.8 percentage points higher than that of the previous month, which rose back into the expansionary territory for the first time in three months. (Source: NBS, January 2024) According to the Consumer Price Index released by NBS, the Consumer Price Index fell by 0.8% year on year in January 2024, registering a negative growth for four months in a row. (Source: NBS, February 2024) According to the data, the domestic economy rebounded, but the economic development still facing difficulties and challenges.

Looking forward, despite the uncertain economic outlook and consumer sentiment, the Group, as a leading comprehensive media operation group in China, will adhere to its corporate mission and objectives, integrate its strengths, and strengthen its core competitiveness in creative communication and branding strategies. Meanwhile, the Group will remain vigilant and flexible to market fluctuations and environmental changes, and strive for long-term business growth through rigorous cost control and prudent operational management.

Specifically, in the TV advertising business, the Group will, adhering to the client-oriented product and service strategy, continue optimizing media resources, transform TV advertising into a deeper, full-service communication service, and enhance the brand value of clients by providing them with one-stop solutions in brand positioning, visual creation, communication strategy, media execution and effect evaluation. In respect to content operation, the Group will, leveraging its experience and capabilities in video content creation and brand communication, further develop the content marketing business centering on video content R&D and production, customize creative videos for clients, and promote the in-depth integration of brand communication and creative content.

In digital marketing and internet media, the Group will enhance the technical iteration of its intelligent programming advertising platform, apply AI technology to cope with the rapid changes in customer demand, and optimize the placement strategy of precise communication for a bigger competitive edge. With the continuous exploitation of quality media resources, the Group will enhance the placement effect of customers on the internet and brand influence by leveraging the advantages of the media resource matrix.

Despite the uncertainties in the market environment, the Group will remain cautiously optimistic about future developments. The Group will further optimize its business structure, strengthen its business resilience, and enhance its operational execution, to maintain its unique advantages in the fierce market competition. Through the synergy of creative communication and brand investment management business, the Group will deepen the deployment in the family consumption industry and accelerate the development of brand operation business in the field of FMCG, to widen the moat of its brand strategy. The Group will, following the sound business philosophy as always, seek opportunities for quality and sustainable growth during the market recovery.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company listed securities.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2023, the Company has fully complied with all code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for the following deviation:

Under Code Provision F.2.2 of the Code, the chairman of the Board should invite the chairman of the audit, remuneration, nomination and any other committees to attend the annual general meeting. In their absence, the chairman should invite another member of the

committee or failing this their duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Ms. Ip Hung, the chairman of the Remuneration Committee, could not attend the annual general meeting (“AGM”) of the Company held on 12 June 2023 due to her other business engagement. However, Mr. Chen Xin, the chairman of the Board and a member of the Remuneration Committee, attended the AGM and also invited Dr. Zhang Hua, a member of the Remuneration Committee, to attend the AGM to answer questions raised thereat.

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 C3 to the Listing Rules as its own code of conduct regarding securities transactions of the directors of the Company (the “**Directors**”). Having made specific enquiries, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2023.

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 2023 of the Group and the accounting principles and practices adopted by the Group, together with the management of the Company.

SCOPE OF WORK OF THE COMPANY’S AUDITOR

The financial figures in respect of the Group’s consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary result announcement have been compared by the Group’s auditor, KPMG (Certified Public Accountants), to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Wednesday, 12 June 2024. Notice of the AGM together with the Company's annual report for the year ended 31 December 2023 will be dispatched to shareholders in due course.

FINAL AND SPECIAL DIVIDENDS

The Board recommended a final dividend of HKD9.20 cents (2022: HKD4.50 cents) per ordinary share and a special dividend of HKD7.00 cents (2022: Nil) per ordinary share for the year ended 31 December 2023 to shareholders whose names appear on the register of members of the Company on Friday, 21 June 2024. The final dividend and the special dividend will be paid in Hong Kong dollars on or about Friday, 12 July 2024 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, 6 June 2024 to Wednesday, 12 June 2024 (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, 5 June 2024.

The register of members of the Company will also be closed from Wednesday, 19 June 2024 to Friday, 21 June 2024 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to the proposed final dividend and special 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 and special 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, 18 June 2024.

On behalf of the Board
SinoMedia Holding Limited
CHEN Xin
Chairman

Hong Kong, 26 March 2024

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