ANNUAL REPORT
2021 年報

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SinoMedia®

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

About us

SinoMedia Holding Limited (the "Company" or "SinoMedia") and its subsidiaries (collectively the "Group") is a leading media operation group in China which focuses on conducting cross-media investment and operation with creative video communication as its core capability, so as to meet the demands of client market for the communications of cross-screen among television + internet + mobile internet. The Group currently owns business sections including CCTV advertising agency business, brand advertising creative planning, film and television program investment and production, internet precision marketing and other business segments. SinoMedia is an early pioneer in China's city image and tourism brand creative communication field and has remained a leader in the field for years. It is also one of the leaders in brand advertising services for industries such as finance and insurance, automobiles and consumer goods. Over the past 20 years, SinoMedia has provided comprehensive and professional creative communication services for more than 3,000 clients in total at home and abroad.

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Financial Summary

RMB'000	For the year ended 31 December 2021	For the year ended 31 December 2020	Change (%)
Revenue	**1,183,473**	1,175,947	+1%
Profit from operations	**40,625**	125,385	–68%
Profit attributable to equity shareholders of the Company	**37,078**	87,213	–57%
Earnings per share			
— Basic and Diluted	**8.0 RMB cents**	18.1 RMB cents	–56%
Proposed final dividend per share	**4.0 HKD cents**	9.0 HKD cents	–56%

REVENUE

RMB'000	For the year ended 31 December 2021	For the year ended 31 December 2020	Change (%)
TV media resources management	**904,416**	941,995	–4%
Content operations and Other integrated communication services	**123,457**	99,990	+23%
Digital marketing and Internet media	**99,044**	78,252	+27%
Rental income	**65,401**	64,938	+1%
Sales taxes and surcharges	**(8,845)**	(9,228)	–4%
	1,183,473	1,175,947	

Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPLIANCE COMMITTEE

Mr. Li Zongzhou *(Chairman)*
Mr. Wang Yingda

COMPANY SECRETARY

Mr. Wang Yingda

AUTHORISED REPRESENTATIVES

Mr. Chen Xin
Mr. Wang Yingda

PRINCIPLE PLACE OF BUSINESS

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

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

REGISTERED OFFICE OF THE COMPANY

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

AUDITORS

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

SHARE REGISTRAR

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

WEBSITE

www.sinomedia.com.hk

2021 Year In Review

APRIL

Students majored in MBA in grade 2020 of the Communication University of China visited SinoMedia to carry out the “Action Learning” activity to explore and analyze the value of the marketing of documentary films and TV.

MAY

SinoMedia continued to pay attention to and support rural education, participated in and co-organized the CCTV’s “Big Hands Holding Small Hands” charity event. SinoMedia also participated in the “Donating Book Together” event sponsored by Green & Shine Foundation and raised charity funds for the event.

JULY

SinoMedia participated in the 21st CBME Pregnancy and Baby Exhibition for the first time to promote its parent-child brand program.

DECEMBER

SinoMedia was elected as the new vice president member of China Advertising Association, and Liu Zhiyi, vice president of SinoMedia, served as the vice president of China Advertising Association.

SinoMedia participated in the co-production of Season 2, Chinese Youth Talk Show, a large-scale youth cultural and motivational program. 30 excellent teenagers from all over the country presented the colorful life of generation Z to the audience in the form of speeches, and shared their extraordinary growth stories with the audience, showing the brand new style of Chinese youth group.

Awards and Recognition

Company Honours

Award: Level 1 Advertising Company (Comprehensive Services)
Time: January 2021
Awarded by: China Advertising Association
Descriptions: Level 1 is the highest qualification for advertising companies in China, which is granted by China Advertising Association. The rating is conditional on such ten indicators as the company operation size, staff competencies, service level, industrial influence, and others. China Advertising Association, founded in 1983, is a public institution directly under the State Administration for Industry and Commerce and an origination for the advertising industry. The Association is comprised of voluntarily by advertising owners and operators that have certain qualifications, together with enterprises, public institutions, and juridical associations related to the advertising industry.

Award: 2020 CCTV AAAA Credit Advertising Agency
Time: May 2021
Awarded by: CCTV Advertising Center
Descriptions: CCTV Advertising Center, according to the Measures of CCTV on Management of Credit System of Advertising Agencies, conducts the comprehensive rating of its advertising agencies. The rating is AAAA, AAA, AA, and A in descending order. The rating is conditional on agency advertising placement amount, agency service years, integrity records of agency business, contract implementation and performance, and bad records. SinoMedia has been awarded the honor for the sixth year in a row.

Professional Honours

Awarded Work:	2020 SinoMedia Annual Report
Award:	Platinum Winner of 2020 LACP Best Annual Report in Media, Top 100 of the LACP World's Best Annual Reports, Top 80 of the LACP Best Annual Reports in the Asia-pacific Region, Silver Winner of the LACP Most Creative Annual Reports, Top 50 of the LACP Best Annual Reports in Chinese
Time:	December 2021
Awarded by:	LACP
Descriptions:	The LACP Vision Awards, launched back in 2002, is one of the major annual report events widely hailed by the industry. As the selection of top 100 does not require sectors or enterprise size, it is known as the "Annual Report Olympics" and enjoys great professionalism and authority in the industry.

Awarded Work:	2020 SinoMedia Annual Report
Awarded:	ARC Honorary Award in Financial Data of Annual Report
Time:	December 2021
Awarded by:	International ARC Jury
Descriptions:	International ARC Awards, one of the largest and most authoritative international annual report awards, are internationally recognized and influential and the "Annual Report Oscar Award" hailed by financial and economic media.

Chairman's Statement

Chen Xin

Since the outbreak of COVID-19 at the beginning of 2020, both the global economy and commercial activities had been being interfered. Despite the gradual recovery of China's overall economic environment following the introduction of vaccine and the implement of economic measures, the constant appearance of variant of the virus since the second half of 2021 repeatedly impacted on the stabilized economic growth. As a result, the advertising market witnessed a weakened trend in a fluctuant manner, and advertisers and consumers became more prudent. According to the data released by CTR Media Intelligence, the advertising expenses in 2021 increased by 1.3% year-on-year, which is lower than 8.1%, the year-on-year growth rate of GDP in 2021.

Although the business revenue of the Group in the second half of 2021 decreased as compared to the first half of the year due to the fluctuation of the macroeconomic environment, the Group has maintained the financial stability as previous years by taking various measures to effectively control expenses. At the same time, by practicing the strategy of optimizing and adjusting business structure gradually, the Group kept moving forward in the strategic direction that takes cross-screen creative communication services as the core, and committed itself to providing clients with high-quality and diversified creative products and communication services.

Confronted with market pressure, the Group timely integrated its own advantages, focused on core competitiveness, continued to strengthen the development in the field of TV advertising market, adhered to the client-oriented products and service strategies, and improved the brand value of clients by offering them one-stop solutions to their brand positioning, visual creativity, communication strategies, media implementation and effect assessments. Meanwhile, we adapted to market changes and trends, optimized media resources, moderately controlled scale costs, and expanded the market with innovative marketing strategies and media product portfolios, so as to maintain the Group's leading market share in the TV advertising business.

Leveraging on its experience and capability in video content creativity and brand communication, the Group actively promoted the content marketing business with the R&D and production of video as the core, and is making more significant progress in such field; Focusing on the marketing positioning of "parent-child companionship, joint growth and leading consumption", the Company provided clients with unique and effective content creative communication services through live streaming interactions, video clips, content imbedding, program planning, animation development, promotional campaigns and other forms. The Group will continue to enhance the customized content services for different types of clients, and realize the brand communication value of clients by means of content marketing through in-depth combination of brand communication and creative content.

The Group's digital marketing business remained stable, the self-developed intelligent programming advertising placement platform continued to upgrade and renewal, and the marketing efficiency of advertising placement was optimized through big data to improve the placement effect and brand influence of clients on the internet. The Group will follow the development trend of internet media and the advertising demand of advertisers, actively try new forms of communication resources for the application of convergence media technology, continue to improve the internet integrated service capabilities, and strengthen the core competitiveness of digital marketing. www.boosj.comof the Group, concentrating on the core demand of family life, continued to focus on the operation of the healthy life of the middle-aged and elderly and parent-child talent training. Through the interactive combination of "online contents + offline activities", www.boosj.com provided users with high-quality video content and realized the communication value for clients.

Looking forward to the future, despite the uncertainties brought by the epidemic and the risks and challenges brought by the changes in the external environment, we are optimistic about the prospects of the Group's core business of brand empowerment through creative communication by virtue of our innovative business strategy that keeps pace with the times, and remain confident in the medium and long-term prosperity and consumption upgrade of the domestic market. We will continue our efforts in the core business market, strengthen our innovation capabilities and operational capabilities amid changes, and further expand our market layout in the field of parent-child family consumption through our brand investment management business, so as to lay a solid foundation for the Group's steady development and long-term sustainable growth.

At last, we would like to express our sincere gratitude to our shareholders and all parties who have helped and supported the development of the Group.

Chen Xin
29 March 2022

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Management Discussion and Analysis

ABOUT THE GROUP

Both the global economic and business activities have been affected, and the advertising market has been hit hard since the outbreak of COVID-19 pandemic in early 2020. The macroeconomic environment in Mainland China showed recovery and continued picking up in the first half of 2021 as the number of confirmed cases continued to decrease with the vaccination and the implementation of various economic recovery measures. The Group's business revenue in the first half of 2021 recovered gradually from the outbreak.

However, the emergence of multiple variants of the virus since the second half of 2021 and the increase in new infections led to more travel restrictions and embargoes, and affected macroeconomic growth and consumer sentiment. The overall environment of the advertising market turned volatile and advertisers became more cautious in their advertising spending, resulting in a slowdown in the Group's revenue in the second half of 2021. According to the market research report published by CTR Media Intelligence, TV advertising placement rose by 51.5% year on year in February 2021 and 0.5% year on year in June 2021, but declined by 9.0% year on year in December 2021. According to the data, the growth rate of TV advertising placement showed an oscillating slowdown, and the growth rate in the second half of the year was lower than that in the first half of the year. (Data source: CTR Media Intelligence, February 2022)

Trapped in a challenging and volatile market environment, the Group continued the strategy of progressive optimization and adjustment of business structure and took a combination of measures to effectively control expenses during the year under review, maintaining its consistent financial soundness over the years. Meanwhile, the Group explored the client market with innovative marketing strategies and media portfolios. By relying on its established strengths and core competitiveness, the Group was committed to the strategic direction with inter-screen creative communication services as the core, to offer clients quality and diversified creative products and communication services.

BUSINESS REVIEW

TV ADVERTISING AND CONTENT OPERATIONS

I. TV Media Resources Management

The Group kept strengthening its client development and service capabilities in TV advertising marketing, and constantly optimizing its marketing strategies and media product portfolios to enhance its competitiveness. During the year under review, the Group had the exclusive underwriting right for a total of 124,067 minutes of China Media Group advertising resources on "News 30" (新聞30分) on CCTV-1 (General)/CCTV-News, "Focus Today" (今日關注) on CCTV-4 (Chinese International), CCTV-9 (Documentary Channel) and CCTV-14 (Children's Channel). It covered the market of news, politics, culture and children's programs, and brought diversified communication channels to clients. During the year, facing the market pressure from the macroeconomic slowdown, the Group integrated its own strengths at the right time and optimized the media resources structure, to maintain the ability of client development and service in the TV advertisement marketing.

II. Content Operations

The Group provided clients with comprehensive and professional video production services. During the year under review, the Group successively served Shanxi province, Chengdu city, Anta Group, Sinopec EPEC, PICC, Agricultural Development Bank of China and other clients, providing services involving advertising video shooting, producing and editing, and graphic design.

The Group continued the development of content marketing business centering on video content R&D and production, customized creative video programs for clients, and realized the brand communication value of clients in the form of content marketing. During the year under review, the Group provided creative content communication services to clients such as Chimelong Group, Aptamil, Nutrilon, Dettol, Alpha Egg, Reecen, Country Garden and China Life around the marketing positioning of "parent-child companionship, growing together and leading consumption", and by various means such as live interactive, short video, content implantation, program planning, animation development and promotional activities.

III. Other Integrated Communication Services

The Group has gained recognition by a slew of renowned clients for its professional and highly efficient communication services and caring client service philosophy. During the year under review, the Group provided brand information, advertising placement, promotion planning, public relation activities and other multidimensional brand integrated communication services to clients including China Feihe, Ping An, Agricultural Development Bank of China, Hubei Agricultural Products, China Welfare Lottery Management Center, Angel Water Dispenser, Panpan Foods, and Liven Appliances.

In respect of the international business, the Group actively offered Chinese market promotion, media propaganda, creative planning and other services to overseas clients. The main clients during the year under review included Tourism Toronto, Tourism Nova Scotia, Tourism Ottawa, Go Turkey Tourism, Washington Tourism Board, Thailand Convention & Exhibition Bureau, and YTL Hotels.

DIGITAL MARKETING AND INTERNET MEDIA

I. Digital Marketing

The Group followed the development trend of the internet media and advertisers' placement demand, and upgraded and updated iBCP, its self-developed intelligent programming advertising placement platform. The Group optimized the effect of precise advertising placement through big data and improved the marketing efficiency of advertising placement. Meanwhile, the Group continued enhancing its internet integration service capabilities and strengthened its core competency in digital marketing, to provide clients with one-stop digital marketing solutions. During the year under review, the Group successively served China Feihe, BlueRiver Sheep Milk, China CITIC Bank, GOME, So-Young International Inc., Langjiu, Empereur Tea, Dazhong Electronics, and China Southern Fund, receiving a high degree of recognition and praise therefrom.

II. Internet Media

Staying focused on the operation of video content in the field of healthy life, www.boosj.com（播視網）integrates user groups with the strategy of "online video + offline activities" and provide them with high-quality content products, while realizing the value of creative communication for users.

Among them, the channel "Boosj Children's Fun" features parent-child companionship through original short videos, to blossom into a content, activity and service system for kids' talent. The channel "Boosj Square Dancing" continues launching premium original square dance video programs to meet the fitness and entertainment needs of the middle-aged and elderly, upgrade online teaching content, and enhance user activeness with community operation. Its active users now cover more than 90% of the county-level administrative regions in China. During the year under review, www.boosj.com successively provided video creative and internet communication services to Yangtze River Pharm, Long Feng Tang, GOME, Hong Qi, Dongfeng Motor and other brands.

www.wugu.com.cn (吾谷網) continues giving play to the feature agricultural information aggregation in agricultural internet information services, and establishes a self-media content distribution matrix, with the focus on offering creative planning, media communication and public relation services to the public brands in the agricultural areas. The website works to open up the supply and demand channels between agricultural products and consumers through professional brand marketing planning and platform-based information dissemination.

FINANCIAL REVIEW

REVENUE AND PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY

For the year ended 31 December 2021, the Group recorded revenue of RMB1,183,473 thousand, basically flat as compared to RMB1,175,947 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 RMB904,416 thousand, representing a year-on-year decrease of 4% over RMB941,995 thousand for the last year. With the slowdown in macroeconomic growth, the domestic advertising market has been growing sluggishly, and the lack of market consumption demand has affected the willingness and confidence of certain advertisers in TV advertising. Among which, the decrease in the amount of advertising placement for tourism clients was more pronounced. Confronting operating pressure and challenges, the Group strove to maintain stable business development by consolidating existing quality clients, exploring client opportunities in new consumption fields and improving incentives for marketing personnel.

(II) Revenue from content operations and other integrated communication services amounted to RMB123,457 thousand in aggregate, representing a year-on-year increase of 23% over RMB99,900 thousand for the last year. Among them:

Revenue from content operations amounted to RMB79,641 thousand, representing a year-on-year increase of 153% over RMB31,419 thousand for the last year. Revenue in this business was mainly generated from creative content marketing and commercial advertising video production. During the year under review, the Group integrated diversified resources of parent-child brands and provided clients with creative content communication services such as product placement, image IP R&D and design, live streaming interactive program, short video and micro-recording, and recorded a significant increase in revenue from the last year.

Revenue from other integrated communication services amounted to RMB43,816 thousand, representing a year-on-year decrease of 36% over RMB68,571 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 RMB99,044 thousand in aggregate, representing a year-on-year increase of 27% over RMB78,252 thousand for the last year. Among them: the Group's self-developed programming advertising placement platform operated steadily, and the advertising placement from existing high-quality clients increased during the year, leading to the increase in the revenue from digital marketing as compared with the same period last year; the revenue from internet media remained flat as compared to the last year.

(IV) Revenue from rental amounted to RMB65,401 thousand, remaining flat as compared to RMB64,938 thousand for the last year.

The Group's overall operating revenue was basically the same as last year, but the cost of exclusive advertising agency for the TV media resources management business increased compared with last year; meanwhile, the Group's profit for the year decreased compared with last year is also due to the negative impact of the change in fair value of equity securities on profit. For the year ended 31 December 2021, the profit attributable to equity shareholders of the Company was RMB37,078 thousand, representing a decrease of approximately 57% over RMB87,213 thousand for the last year.

OPERATING EXPENSES

For the year ended 31 December 2021, the Group's operating expenses were RMB101,792 thousand in aggregate, representing a year-on-year decrease of 38% from RMB163,439 thousand for the last year, and accounted for 8.6% of the Group's revenue (2020: 13.9%). Confronting operating pressure and challenges, the Group implemented masses of cost reduction and efficiency enhancement measures to strengthen the control of operating expenses and improve operating efficiency.

Among them:

(I) Selling and marketing expenses amounted to RMB33,060 thousand, representing a year-on-year decrease of approximately RMB11,116 thousand from RMB44,176 thousand for the last year, and accounted for 2.8% of the Group's revenue (2020: 3.8%). The decrease was because expenses such as travel expenses and publicity and marketing expenses decreased compared to last year.

(II) General and administrative expenses amounted to RMB68,732 thousand, representing a year-on-year decrease of approximately RMB50,531 thousand from RMB119,263 thousand in the last year, and accounted for 5.8% of the Group's revenue (2020: 10.1%). The decrease of general and administrative expenses was mainly because: (1) the impairment loss of receivables decreased by approximately RMB38,870 thousand as compared to the last year; (2) amortization of intangible assets decreased by approximately RMB2,192 thousand as compared to the last year.

INVESTMENTS, ACQUISITIONS AND DISPOSALS

(I) In July 2021, the Group entered into a capital increase agreement with Shanghai Jiusui Agricultural Technology Co., Ltd. ("Jiusui Agricultural") and its shareholders to subscribe for a minority equity interest in Jiusui Agricultural at a price of RMB5 million. Jiusui Agricultural is a company mainly engaged in the research and development and sales of infant food. The investment enables the Group to further extend its business layout to the parent-kid family consumption market. As at 31 December 2021, the procedures of capital increase transaction had been fully completed.

(II) In August 2021, the Group entered into a capital increase agreement with Lanzhou (Jiangsu) Technology Co., Ltd. ("LanZhou") and its shareholders to subscribe for a minority equity interest in LanZhou at a price of RMB5 million. LanZhou is an innovative technology company with hardware and software systems, artificial intelligence robots, and intelligent education as its core. As at 31 December 2021, the Group had made partial disbursement of the capital increase to LanZhou as scheduled, and the remaining amount of capital increase and the business change procedures are expected to be completed in 2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity was adequate with a stable financial position as a whole. As at 31 December 2021, cash and bank balances amounted to RMB849,648 thousand (2020: RMB788,084 thousand). The Group had no bank time deposits with maturity over three months (2020: RMB53,023 thousand).

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

(I) Net cash inflow from operating activities was RMB42,472 thousand (2020: RMB290,129 thousand), which was mainly attributable to: (1) the increase in the balance of trade debtors and bills receivable by approximately RMB34,891 thousand as compared to the end of last year; (2) the decrease in the balance of advertising fees received in advance from clients by approximately RMB51,234 thousand as compared to the end of last year; (3) the decrease in prepayment of advertising agency costs to media suppliers by approximately RMB68,680 thousand as compared to the end of last year; (4) the payment of income tax of approximately RMB43,106 thousand.

(II) Net cash inflow from investing activities was RMB71,203 thousand (2020: net cash outflow of RMB45,211 thousand), which was mainly attributable to: (1) the time deposits with maturity over three months of approximately RMB53,023 thousand was due; (2) the proceeds from disposal of equity securities of approximately RMB23,900 thousand; (3) payment of equity investments of approximately RMB21,310 thousand.

(III) Net cash outflow from financing activities was RMB43,391 thousand (2020: RMB30,770 thousand), which was mainly attributable to the funds used for the buyback of the Company's shares of approximately RMB6,031 thousand, and the payment of the 2020 final dividend of approximately RMB36,047 thousand.

As at 31 December 2021, the Group's total assets amounted to RMB2,037,143 thousand, which consisted of the equity attributable to equity shareholders of the Company of RMB1,665,494 thousand, and non-controlling interests of RMB-7,971 thousand.

As at 31 December 2021, the Group had no interest-bearing debts, and the gearing ratio of the Group was nil (31 December 2020: 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 2021, 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 2021, the Group had 198 employees in total, which was basically the same and slightly less than that at the beginning of the year. During the year under review, despite the hard-hit main business caused by the pandemic, the Group, by adhering to the policy of keeping the employee team stable, controlled the number of positions in loss-making business segments, while increasing the number of positions in the content marketing, R&D and planning 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 employee training, the Group undertook regular professional training on media promotion planning, marketing skills, case studies, occupational qualities and others, such as the professional sharing session of "Documentary Marketing Value" in cooperation with universities and the "Seminar on Excellent Chinese Traditional Culture" in cooperation with clients, to enrich the employees' professional knowledge and improve their practical capabilities in an all-round way. In addition to guaranteeing the mandated benefits, the Group continued providing festival gift money to the elderly parents of employees, and held staff welfare activities such as parent-child gathering on Children's Day. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under share option schemes. Share options that were granted and remained unexercised as of the end of the year totaled 17,392,000 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 2022, the Purchasing Manager Index (PMI) of China's manufacturing industry was 50.1%, a decrease of 0.2 percentage point compared with the previous month; the business activity index of non-manufacturing industry was 51.1%, lower than that of the previous month by 1.6 percentage points; the business activity index of the service industry was 50.3%, 1.7 percentage points lower than that of the previous month; the comprehensive PMI output index was 51.0%, down 1.2 percentage points from the previous month. Data shows that the trend of economic downturn continued since the second quarter of 2021, and although domestic enterprises were expanding the scope of production and business activities, the degree of activity declined. (Source: National Bureau of Statistics, January 2022)

Due to the uncertainty of economic growth rate caused by the pandemic, the skyrocketing risk worldwide and the mounting inflationary pressure, the business operation development in 2022 will remain challenging and stressful. Facing the complex and severe market environment, the Group will integrate its strengths, accelerate the adjustment and optimization of its business structure, and strengthen its core competencies in creative communications and brand strategies. Meanwhile, the Group will actively review market trends and understand clients' needs, and respond in time and strategically to various changes in the business environment.

Specifically, in the TV advertising business, the Group will adhere to the client-oriented product and service strategy, continue optimizing media resources and moderate scale costs, and enhance the brand value of clients by providing them with one-stop solutions in brand positioning, visual creation, communication strategy, media execution and effect evaluation. In respect to content operation, the Group will leverage its experience and capabilities in video content creation and brand communication, to further develop the content marketing business centering on video content R&D and production, customize creative video programs for clients, and promote the in-depth combination of brand communication and creative content.

In terms of digital marketing and internet media, the Group will follow the development trend of the industry, try new forms of communication resources for the application of media convergence technology, and enhance clients' placing effect and brand influence on the internet by the professional capacity of precision communication. www.boosj.com will keep focusing on the development of vertical areas of children's talents and the healthy life of the middle-aged and elderly. It will continue to improve the marketing and operating capabilities by enriching content products, expanding distribution channels, and integrating online video content with offline activity resources.

In addition, the Group will stay focused on the industry chain of parent-kid family consumption and explore the acceleration of market layout and business expansion into the consumer sector through our brand investment management business, to further optimize the Group's business structure and enhance corporate value.

Despite the severe challenges ahead, we remain upbeat about the medium to long-term prosperity of the domestic market and consumer upgrading, and are optimistic about the Group's core business prospect of empowering brands through creative communications. The Group will push on with the implementation of strategies in this direction, further refine its business structure, and adapt to changes and seize opportunities. With these efforts, the Group seeks to achieve sound development through innovation and create long-term value and satisfactory returns for our shareholders.

Directors and Senior Management

MR. CHEN XIN (陳新)

aged 55, has been our Executive Director since November 2006. He was appointed as our Chairman in December 2007 and is primarily responsible for the strategic development, financial planning and investment management of the Group. Mr. Chen has thirty three years of experience in the media industry, and obtained the title of senior journalist in 1999, currently he serves as the vice director of Academic Committee on Television Documentary of China Television Artists Association. From 1988 to 2004, he has worked for Xinhua News Agency as a reporter, a correspondent at the Australian bureau, director of central government news gathering and director of news distribution for overseas service successively. Mr. Chen received his bachelor of science degree in genetics from Fudan University in 1986, completed a master's course in international news from Fudan University in 1988 and received an EMBA degree from the Cheung Kong Graduate School of Business in 2006. Mr. Chen is the husband of Ms. Liu Jinlan, our Chief Executive Officer and an Executive Director.

MS. LIU JINLAN (劉矜蘭)

aged 53, has been our Executive Director and Chief Executive Officer since she founded the Group in 1999, and is primarily responsible for our strategy development and overall management. Ms. Liu previously worked at CCTV as a producer director in news and features from 1995 to 1998.

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

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

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

MR. LI ZONGZHOU (李宗洲)

aged 54, joined the Group in 2000 as a financial supervisor. He served as the General Accountant from 2007 to 2008, then a Vice President and is currently the Chief Internal Control Officer of the Group. Mr. Li was appointed as an Executive Director in November 2006. He is currently responsible for financial accounting, risk control management, legal affairs and financial contract approval management of the Group. He was previously the chief accountant and head of the financial department of Dunhua Forest Bureau from 1987 to 2000. Mr. Li received his bachelor degree in economics from Renmin University of China in 1990. Mr. Li is the husband of Ms. Liu Jinlan's niece.

MR. QI DAQING (齊大慶)

aged 57, has been our Independent Non-executive Director since May 2008. He taught as an assistant professor and then an associate professor in accounting at The Chinese University of Hong Kong between 1996 and 2002. Mr. Qi joined the Cheung Kong Graduate School of Business in July 2002 where he currently serves as a professor of Accounting. He serves as an independent director, the chairman of audit committee and a member of remuneration committee of Sohu.com Ltd., serves as an independent director and a member of audit committee, and remuneration committee of MOMO Inc., serves as an independent director and a member of audit committee of Jutal Offshore Oil Services Limited, serves as an independent director and a member of audit committee, remuneration committee and nomination committee of Yunfeng Financial Group Limited, serves as an independent director and the chairman of audit committee of Bison Finance Group Limited, and serves as an independent director and the chairman of audit committee of HaiDiLao International Holdings Ltd. Mr. Qi obtained a bachelor of science degree in biological physics in 1985 and a bachelor of arts degree in international mass communication in 1987, both from Fudan University in Shanghai. He received an MBA degree from the University of Hawaii at Manoa in 1992 and then a Ph.D. degree in accounting from the Michigan State University in 1996.

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

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

MS. IP HUNG (葉虹)

aged 52, was appointed as our Independent Non-executive Director in June 2019. Ms. Ip worked in SBI E2 Capital Group from June 2000 to October 2008 and was the head of equity before leaving office. Ms. Ip was the chief executive of Oriental Patron Securities Limited from April 2009 to November 2016 and has been an investment committee member of the Oriental Patron Financial Group during the period. Prior to working in the finance industry, she was a financial reporter of Hong Kong Economic Journal. Ms. Ip is currently a Senior Strategy Adviser of Oriental Patron Financial Group and Head of Impact Investing of Pyxis Wealth Advisors Limited. Ms. Ip obtained a bachelor degree in communication from Hong Kong Baptist University in 1992, and a master degree in humanities from Warwick University in 2002.

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

aged 68, was appointed as our Independent Non-executive Director in June 2020. Dr. Tan is an executive director, the Vice Chairman of the Board and the CEO of S.A.I. Leisure Group Company Limited (listed on Hong Kong Stock Exchange, stock code:1832). Dr. Tan has more than 30 years of business experience in Mainland China, Hong Kong and the Western Pacific Region. He has gained in-depth local knowledge, business and personal connections and market insights in the region. He began to participate in his family's shipping and trading business in Guam in the early 1970's and expanded it into different industries, such as leisure tourism, retailing, fishing, air transportation, international shipping, logistics, ground and airport services, oil, insurance, medical care, real estate as well as wholesale and distribution of consumer products with sales network across Guam, Saipan, Palau, Micronesia and the Marshall Islands. From March 2004 to February 2017, Dr. Tan was the CEO and an executive director of Luen Thai Holdings Limited (listed on Hong Kong Stock Exchange, stock code:311) and engaged in garment manufacturing and logistics forwarding services.

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

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

DR. ZHANG HUA (張華)

aged 59, was appointed as our Independent Non-executive Director in June 2020. Dr. Zhang is a professor in the Department of Finance and the Director of M.Sc. Programme in Finance (Part-time) in The Chinese University of Hong Kong. Professor Zhang has extensive experience in executive training. His main research interests are in investments, capital markets, corporate finance and fixed income and derivative securities. Dr. Zhang served as an independent non-executive director of Momentum Financial Holdings Limited (1152.HK) from September 2017 to June 2020. Dr. Zhang obtained a bachelor degree in engineering from Tianjin University, and a master degree in business administration and a Ph.D. degree in Finance from McGill University.

MR. LIU XUMING (劉旭明)

aged 54, joined the Group in November 1999, was our Vice President from 2005 to 2010, and was appointed as the Chief Operation Officer in 2011, in charge of the management of the Group's operation planning and execution. He has over twenty years of experience in city branding management, media operation and management, advertisement creative design and market development. Mr. Liu was the president of Dunhua Cable TV Station in Jilin Province from 1997 to 1999. He has served as a council member of The Association of Accredited Advertising Agencies of China (中國4A協會) since 2006. He served as the chairman of Supervision and Examination for China Public Service Advertisement Grand Prix in 2010, chaired the judge for China 4A Golden Seal Awards Media Category in 2012 and 2013, and served as a judge for CCTV National Competition on TV Public Service Advertising in 2013. He has worked as a vice president of the Content Marketing Committee of China Advertising Association of Commerce since July 2016. Mr. Liu received an MBA degree from California University of Management and Sciences in 2003.

MR. WANG YINGDA (王英達)

aged 43, has been our Vice President since October 2014, and was appointed as the Company Secretary in December 2014. He was appointed as the Chief Financial Officer in September 2018, responsible for the Group's overall financial compliance management, corporate finance and investment activities, investor relations and company secretarial matters. Mr. Wang has worked in Hong Kong and Beijing for years, he has twenty years of experience in accounting, auditing, taxation and financial management. Mr. Wang worked for KPMG before joining the Group. Mr. Wang is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Chinese Institute of Certified Public Accountants. Mr. Wang received a bachelor degree of business administration from The Chinese University of Hong Kong in 2002, and a master of arts degree from Newcastle University, the United Kingdom, in 2004.

MR. HUANG PING (黃平)

aged 57, has been our Vice President since December 2011, and is responsible for the strategic development of media contents and channel platforms. Mr. Huang has extensive media-related work experience, he worked for MTV Greater China as the senior vice president and general manager from 2009 to 2011 and was a vice president in STAR China Co., Ltd from 2006 to 2009. Before that, Mr. Huang was an associate director for the satellite channel under Shanghai Media Group and has accumulated extensive experience in programme production and distribution. Mr. Huang obtained a bachelor degree from the Journalism School of Fudan University in 1986 and finished his postgraduate study international news in Fudan University in 1988.

MS. WANG HONG (王紅)

aged 52, has held positions in finance, media execution and administrative management since she joined the Group in March 1999. She was appointed as a Vice President of the Group in October 2015, responsible for the Group's media purchasing from China Central Television and execution management thereof, and also the administrative management of the Group. Ms. Wang has over nineteen years of experience in media industry. She graduated from Jilin University in 1996, majoring in business administration. Ms. Wang is the wife of Mr. Li Zongzhou, our Executive Director, and the niece of Ms. Liu Jinlan, our Executive Director and Chief Executive Officer.

MS. ZHENG CHUN (鄭春)

aged 50, has been our Vice President since September 2015, responsible for expansion of international business and development of overseas clients. Ms. Zheng served various overseas tourism agencies and airlines, in charge of promotion strategy and media publicity for China market. Ms. Zheng has over twenty years' experience in tourism. Before joining the Group, she worked for Destination Canada, KLM Royal Dutch Airlines and Northwest Airlines. Ms. Zheng received her bachelor of arts degree as a major in English from Beijing Language College in 1995.

MR. LI MENG (李萌)

aged 42, joined the Group in 2009 and served successively as the director and general manager of media planning department. He was appointed as a Vice President of the Group in 2018, in charge of market and media research, product marketing and client strategy. With an advertising career of twenty years, Mr. Li has accumulated extensive practical experience in creative communication and specializes in serving clients with branding or marketing solutions focusing on media factors. Before joining the Group, Mr. Li worked in Time Share Advertising as the marketing manager, in charge of media operation. Mr. Li graduated from University of Science and Technology Beijing in 2000, majoring in public relations.

MS. LIU ZHIYI (劉芷屹)

aged 32, was appointed as the Vice President of the Group since September 2020. She is responsible for the operation and management of content marketing and creative production sector, and concurrently acts as the general manager of the film and television production center. With more than nine years of experience in the media industry, Ms. Liu has developed analytical and insightful ability on the domestic and foreign media markets, as well as extensive media operation and management experiences, built up networking resources in both domestic and international markets, and explored cooperation with established enterprises and institutions. In recent years, Ms. Liu has been in charge of the Group's video content R&D, planning and engaging in a number of video projects in the form of small- and large-screen linkage and acting as a producer or distributor. She spearheaded the Group's strategical expansion of cross-media initiatives, including innovative businesses in fields of IP development, content marketing, and creative marketing on media convergence. Ms. Liu obtained a bachelor's degree in management from the University of St Andrews in the United Kingdom in 2011 and a master's degree in management from the School of National Development at Peking University in 2020. Ms. Liu is the daughter of Mr. Chen Xin and Ms. Liu Jinlan.

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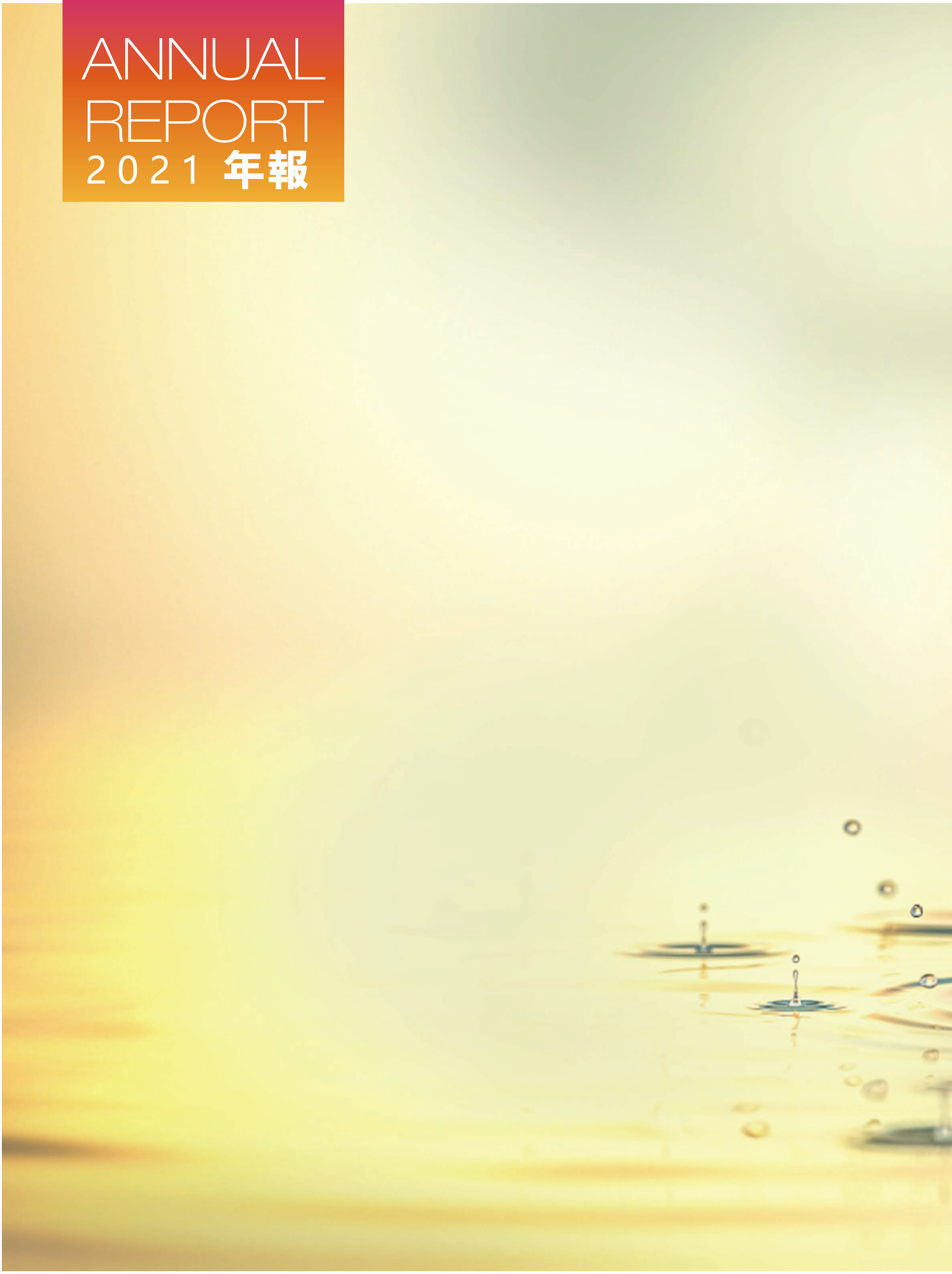

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions ("Code Provisions") of the Corporate Governance Code and Corporate Governance Report (hereinafter referred to as the "Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the guidelines for corporate governance of the Company. During the year ended 31 December 2021, the Company has fully complied with all Code Provisions and where applicable, the recommended best practices prescribed in the Code.

COMPLIANCE WITH DEED OF NON-COMPETITION

The Company has received two confirmations (the "Confirmation(s)") from Mr. Chen Xin and Ms. Liu Jinlan (the "Covenantors") signed by each of them in March 2022 respectively confirming that for the period from 1 January 2021 to 31 December 2021 and up to the date of signing the Confirmations by the relevant Covenantors, each of them has fully complied with the non-competition deed executed by the Covenantors in favour of the Group on 27 May 2008 (the "Non-Competition Deed") and, in particular, other than holding interest in the shares of any member of the Group (including entities which equity interests and assets are controlled by the Group by virtue of variable interest entity ("VIE") structure), they and their respective close associates have not, directly or indirectly, carried on or been engaged or interested in any business which is or may be in competition with the core business of the Group, i.e. acting as a media advertising operator, including the purchasing of advertisement time, advertisement production, acting as an agent of advertisement time and other advertising related service, and any other new business which is from time to time carried on or engaged or interested in by the Group.

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having been made specific enquiry, the Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2021.

BOARD OF DIRECTORS

1. Composition of the Board

During the year ended 31 December 2021, the Board comprised the following Directors:

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

The Directors possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The biographical details of the Directors and the relationship between members of the Board are set out in the "Directors and Senior Management" section on pages 22 to 35 of this annual report.

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

2. Chairman and Chief Executive Officer

The positions of the Chairman of the Board and the Chief Executive Officer are held by separate individuals to ensure that a segregation of duties and a balance of power and authority are achieved. The Chairman is responsible for overseeing all Board functions in accordance with good corporate governance practice, developing strategies and instilling corporate culture. The Chief Executive Officer is responsible for formulating detailed plans for implementation of the objectives set by the Board and mainly focuses on the day-to-day management and operation of the Group's business. During the year ended 31 December 2021, the position of the Chairman of the Board was held by Mr. Chen Xin and the position of the Chief Executive Officer of the Company was held by Ms. Liu Jinlan.

3. Non-executive Directors

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

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

The Company has received annual written confirmation from each Independent Non-executive Director in respect of his or her independence to the Company pursuant to the requirements of the Listing Rules. The Company has assessed the independence of all Independent Non-executive Directors, including Mr. Qi Daqing who has served the Company for more than 9 years since his first appointment as an Independent Non-executive Director in May 2008, and is satisfied that each of them continued to satisfy the independence criteria under Rule 3.13 of the Listing Rules and remained independent throughout the year ended 31 December 2021. The Company also has at all times complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors and the appointment of an Independent Non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. The Independent Non-executive Directors represented at least one-third of the Board.

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

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

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

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

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

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

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

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

5. Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate in person or through electronic means of communication. During the year of 2021, the Board held four meetings. As regards general meetings, the Company held the annual general meeting on 8 June 2021 during the year of 2021. The said meetings were attended by a majority of the Directors in person or through other electronic means of communication. Attendances at the Board meetings and the annual general meeting of each Director are set out as follows:

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

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

6. Appointment, Re-election and Removal of Directors

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

Each of the Directors has entered into a service contract with the Company for a specific term and is subject to retirement by rotation at annual general meetings at least once every three years. In accordance with the Articles of Association of the Company, three Directors shall retire at the next following annual general meeting of the Company and shall be eligible for re-election. The names and biographical details of the Directors who will offer themselves for re-election at the forthcoming annual general meeting are set out in the circular to shareholders dated 25 April 2022 to assist shareholders in making an informed decision on the re-elections.

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

7. Remuneration of Directors

The Executive Directors did not receive any allowance for their service provided as Directors throughout the year ended 31 December 2021. Executive Directors who are also the Company's staff are entitled to receive salaries according to their respective positions taken on a full-time basis in the Company.

Information relating to the remuneration of each Director for the year under review is set out in note 7 to the financial statements on page 134 of this annual report.

8. Training of Directors

Pursuant to Code Provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year under review, all Directors have participated in continuous professional development by reading and watching relevant materials on the topics related to the updates on ethics and code of conduct of Directors, corporate governance, rules and regulations and operation and management of listed companies. All Directors have provided written records of the training they received during 2021 to the Company.

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

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

9. Board Committees

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

Audit Committee

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

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

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

At the meetings, the committee:

- reviewed with the management and the external auditors the terms of appointment of external auditors, the accounting principles and practices adopted by the Group, and the accuracy and fairness of the 2020 annual report and the 2021 interim report;

- monitored the effectiveness of the audit process in accordance with applicable standards and discussed with the auditor the nature and scope of the audit and reporting obligations before the audit commenced;

- discussed the issues raised by the external auditors, all issues reported by the external auditors are monitored closely to ensure the issues can be addressed and resolved through appropriate measures by the Group's senior management; and

- reviewed and discussed with the management the Listing Rules compliance, and the effectiveness of the risk management and internal control systems of the Group, including reviewing the internal control reports submitted by the internal audit department of the Group and reviewing the internal audit function of the Company.

Remuneration Committee

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

During the year under review, no meeting was held by the Remuneration Committee. However, the Board reviewed the remuneration policy and structure for all Directors and senior management, including (1) considering the basic salary and bonus schemes paid to Executive Directors and senior management; (2) reviewing the fees paid to the Independent Non-executive Directors; (3) approving the terms of the Executive Directors' service contracts; and (4) assessing the performance of all Directors, in the Board meeting held on 29 March 2021. As a good corporate governance practice, the Directors had abstained from voting and did not participate in the discussion on his/her own remuneration at the said Board meeting.

Compliance Committee

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

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

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

At the meeting, the committee:

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

Nomination Committee

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

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

The duties of the Nomination Committee include, without limitation:

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

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

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

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

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

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

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

If the Nomination Committee determines that an additional or replacement director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its evaluation of a candidate, including candidate interviews, inquiry of the person(s) making the recommendation, or reliance on the knowledge of the members of the Nomination Committee, the Board or the management. On making recommendation(s) to the Board, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as director(s) to fill a casual vacancy(ies) or as an addition to the Board for election or re-election at the annual general meeting.

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

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

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

At the meeting, the committee:

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

10. General

The Company has arranged for directors' and officers' liability insurance for all Directors and senior officers against legal liability arising from their performance of duties. The insurance coverage is reviewed on an annual basis. For the year ended 31 December 2021, no claim has been made against our Directors and senior officers.

FINANCIAL REPORTING

1. Financial Reporting

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

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board continues to prepare the financial statements set out on pages 99 to 171 on a going concern basis.

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

2. External Auditors

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

3. Auditors' Remuneration

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

Any material internal control defects identified will be reported to the Audit Committee who shall supervise the management's design and implementation of rectification measures. The Audit Committee also keeps the Board informed of the rectification process. For the year ended 31 December 2021, no critical risk management and internal control weaknesses have been identified by the Board and the Board considered the risk management and internal control systems of the Company remained adequate and effective. The Audit Committee reviewed and was satisfied that the internal audit department remained adequately resourced, effective and had appropriate standing in the Company.

COMPANY SECRETARY

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

DIVIDEND POLICY

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

Under the Company's Articles of Association, the Board, on the requisition of shareholders of the Company holding not less than 5% of the total voting rights of all the members having a right to vote at general meetings of the Company, can convene an extraordinary general meeting pursuant to the provisions of the Companies Ordinance to address specific issues of the Company. At the annual general meeting, shareholders can raise any questions relating to performance and future direction of the Group with the Directors. The Company maintains contact with its shareholders through annual general meeting or other general meetings, and encourages shareholders to attend those meetings. The external auditor of the Company, Messrs. KPMG also attended the annual general meeting held on 8 June 2021 to answer questions about the conduct of the audit, the preparation and content of the independent auditors' report, the accounting policies and auditor independence. The Company complied with the required notice periods for general meetings under the applicable laws, rules and regulations.

CONSTITUTIONAL DOCUMENTS

In 2021, no amendment had been made to the Articles of Association of the Company.

ANNUAL REPORT

2021 年報

Environmental, Social and Governance Report

This Environmental, Social and Governance Report (the "Report") aims to disclose the idea, practice and performance of SinoMedia Holding Limited (the "Company") and its subsidiaries (collectively the "Group") in environmental, social and governance for the fiscal year ended 31 December 2021 (the "Year"), so that the stakeholders can have an in-depth understanding of the Group's strategy and progress on sustainable development issues.

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

REPORTING PRINCIPLES

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

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

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

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

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

REPORTING SCOPE

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

STATEMENT FROM THE BOARD

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

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

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

COMMUNICATION WITH STAKEHOLDERS AND IDENTIFICATION OF KEY ISSUES

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

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

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

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

MATERIALITY ASSESSMENT

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

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

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

ENVIRONMENTAL DIMENSION

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

1. Emissions

Waste gas and greenhouse gas emissions

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

Environmental indicators	Unit	Year 2021	Year 2020
Greenhouse gas emissions			
Scope 1 — direct emissions (gasoline consumption)	tCO_2e	**46.8**	30.2
Scope 2 — indirect emissions (purchased electricity)	tCO_2e	**173.7**	168.7
Scope 3 — other indirect emissions (paper consumption)	tCO_2e	**1.1**	0.8
Total greenhouse gas emissions	tCO_2e	**221.6**	199.7
Density (per employee)	tCO_2e/employee	**1.1**	0.9
Waste gas emissions			
Nitrogen oxides	kg	**4.3**	3.9
Sulphur oxides	kg	**0.3**	0.2
Particulate matter	kg	**0.3**	0.3

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

Discharges into water and land, management of waste

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

The Group reduces waste through recycling practice and encourages employees to recycle the useful part of waste, so as to maximally control the waste and properly dispose of wastes. The Group has continued to actively promote paperless office, continuously upgraded the office automation system and advocated the electronic communication method in place of printing and fax. Moreover, the Group encourages employees to adopt two-side printing and secondary paper when truly feasible. In order to reduce wastes and achieve recycle, the Group contacted suppliers to regularly arrange the recycling of all used printer cartridges. The Group also limited the receiving quantities of office supplies as required to prevent wasting. In addition, the use of paper cups and other disposable items were also avoided in the Group. The waste in the canteen area of the Group shall be uniformly managed and classified by the canteen department.

2. Use of Resources

Energy management

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

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

Energy Consumption	**Unit**	**Year 2021**	Year 2020
Direct energy consumption (gasoline)	MWh	**167.5**	108.0
Indirect energy consumption (electricity)	MWh	**278.1**	270.6
Total energy consumption	MWh	**445.6**	378.6
Density (per employee)	MWh/employee	**2.2**	1.7

Management of water resources and packaging materials

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

3. Environment and Natural Resources

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

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

4. Climate Change

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

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

SOCIAL DIMENSION

1. Employment

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

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

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

Event of second-generation offspring of Sinomedia employees

The employee statistics of the Group are as follows:

	Year 2021	Year 2020
Total number of employees	**198**	211
Regional distribution		
Beijing	**78%**	78%
Hangzhou	**15%**	16%
Shanghai	**5%**	3%
Hong Kong	**1%**	2%
Singapore	**1%**	1%
Gender distribution		
Male	**33%**	36%
Female	**67%**	64%
Age distribution		
30 years old or under	**24%**	32%
31–35 years old	**27%**	26%
36–40 years old	**26%**	23%
41 years old or above	**23%**	19%
Education Statistics		
Bachelor degree or above	**11%**	11%
Undergraduate	**59%**	60%
Junior college or below	**30%**	29%
Employment category		
Full time	**100%**	100%
Part time	**0%**	0%
Overall employee turnover rate	**25%**	36%
Turnover rate by gender		
Female employees	**23%**	39%
Male employees	**29%**	34%
Turnover rate by age		
30 years old or under	**70%**	49%
31–35 years old	**15%**	15%
36–40 years old	**14%**	22%
41 years old or above	**4%**	51%
Turnover rate by region		
Beijing	**21%**	42%
Hangzhou	**60%**	57%
Shanghai	**11%**	50%
Hong Kong	**33%**	0%
Singapore	**0%**	0%

2. Health and Safety

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

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

The Group has actively echoed epidemic prevention rules of local governments and strictly implemented epidemic prevention measures, and formulated enterprise disease prevention and control work plan and epidemic emergency plan to improve the health and safety of office environment. In order to prevent the spread of virus, the Group implements strict anti-infection measures to protect employees. The Group closely monitors the health status of employees every day, including taking their body temperature, providing surgical masks and alcohol disinfectant in the office. The Group also requires employees to use online video conference software as far as possible to reduce unnecessary travel and market activities. During the Year, no employee in the Group is infected with COVID-19.

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

3. Development and Training

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

The Group has established and implemented pertinent training strategies and plans, including brand communication training targeting current news and hotspot events to help employees deeply understand the point matching brand communication and hotspot incidents; jointly held a professional meeting to share the marketing value of documentaries with colleges and universities for the purpose of improving employees' professional knowledge and marketing ability. The Group has also provided and interpreted customer and industry analysis data to help the marketing team improve the professional service. At the same time, the Group has regularly organized interest and thought sharing events to enrich employees' vision and increase the closeness among team members through the experience of traditional culture such as tea culture.

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

	Year 2021	Year 2020
Total training hours	**312**	364
Average training hours per employee	**6.2**	6.6
Percentage of male employees participating in training	**30%**	28%
Percentage of female employees participating in training	**40%**	45%
Average training hours of male employees	**8.2**	8.4
Average training hours of female employees	**5.4**	5.7
Percentage of senior management participating in training	**15%**	13%
Percentage of ordinary employees participating in training	**26%**	29%
Average training hours of senior management	**8.6**	8.0
Average training hours of ordinary employees	**4.0**	4.8

4. Labor Standards

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

5. Supply Chain Management

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

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

6. Product Responsibility

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

The Group is well aware of the importance of intellectual property rights, so it attaches great importance to the protection of intellectual property rights and takes comprehensive protection measures for intellectual property rights. The Group registers intellectual property rights such as trademarks, patents, copyrights and website domain names, and renews such rights after expiration. The Group strictly abides by the Trademark Law of the people's Republic of China, the Patent Law of The People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations, and prohibits the use of any material in violation of relevant intellectual property laws. During the Year, the Group did not commit any major intellectual property infringement. The Group believes that all reasonable measures have been taken to prevent any infringement of its intellectual property and the intellectual property rights of third parties.

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

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

7. Anti-corruption

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

8. Community Activity and Participation

The Group pays much attention to community development, actively participates in social philanthropy, fulfills social responsibility and devotes itself to promoting social harmony in the name of an enterprise. In the Year, the Group participated in and donated to the "Donating Popular Science Book Together Plan", an event jointly sponsored by Green & Shine Foundation, China Foundation for Poverty Alleviation and Tencent Charity Platform. The event has collected and donated a book charity fund to 100 rural schools in the central and western regions and donated about 600 selected books to every school for the purpose of improving reading resources and environment in these schools. This event is expected to benefit more than 50,000 rural teachers and students.

Donate charity fund to the charity project of Green & Shine Foundation

ANNUAL
REPORT
2021 年報

Directors' Report

The Directors of the SinoMedia Holding Limited (the "Company") are pleased to present their annual report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2021.

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

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

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the year ended 31 December 2021 are set out in note 13 to the financial statements.

BUSINESS REVIEW

Details of the business review and performance of the Group for the year ended 31 December 2021 are set out in the section headed "Management Discussion and Analysis". Those discussions form part of this Directors' Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Throughout 2021, there was no incidence of non-compliance with the relevant environmental laws and regulations that have a significant impact on the Group. The Group continues to do more than it is required by adopting measures to reduce energy and other resource use, minimise waste and increase recycling, encourage its employees to adopt environmentally responsible behaviour and promote environmental protection in its supply chain and marketplace.

Discussion on other performance including human resources management initiatives and efforts on environmental protection are set out respectively in the section headed "Environmental, Social and Governance Report" of this annual report. Those discussions form part of this Directors' Report.

COMPLIANCE WITH LAWS AND REGULATIONS

As at 31 December 2021 and up to the date of this annual report, the Board was unaware of any non-compliance with the applicable laws and regulations that have a significant impact on the Company, including but not limited to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2021 is as follows:

	Percentage of the Group's total purchases
The largest supplier	89%
Five largest suppliers in aggregate	97%

The Group's largest customer accounted for about 18% of the Group's revenue, and the Group's five largest customers accounted for about 35% of the Group's revenue.

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

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2021 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 99 to 104.

TRANSFER TO RESERVES

Profits attributable to equity shareholders of the Company, before dividends, of approximately RMB37.08 million (2020: approximately RMB87.21 million) have been transferred to reserves. Other movements in reserves are set out in the Consolidated Statement of Changes in Equity on page 103.

DIVIDENDS

Dividends totaling approximately RMB34.79 million (2020: RMB10.70 million) were paid to equity shareholders of the Company in 2021. The Board proposed the payment of a final dividend of HKD4.00 cents (2020: HKD9.00 cents) per share for the year ended 31 December 2021.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group are set out in note 11 to the financial statements.

SHARES ISSUED IN THE YEAR

Details of the shares issued during the year under review are set out in note 22 to the financial statements.

DONATIONS

During the year under review, the Group did not make any charitable contributions (2020: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year under review, the Company purchased 6,764,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") at an aggregate price of HKD7,172,190. The bought-back shares had been cancelled subsequently in 2021. The details of the bought-back shares are as follows:

Date (dd/mm/yyyy)	Number of Shares bought-back	Highest Price HKD	Lowest Price HKD	Total paid HKD
19/01/2021	582,000	0.92	0.91	532,220
20/01/2021	70,000	0.92	0.92	64,400
21/01/2021	312,000	0.93	0.92	290,140
22/01/2021	1,000,000	0.95	0.95	950,000
01/04/2021	430,000	1.07	1.06	459,600
07/04/2021	927,000	1.09	1.07	1,006,860
08/04/2021	237,000	1.10	1.09	259,830
16/04/2021	582,000	1.10	1.09	639,200
20/04/2021	64,000	1.10	1.10	70,400
21/04/2021	85,000	1.10	1.10	93,500
22/04/2021	35,000	1.10	1.10	38,500
23/04/2021	394,000	1.10	1.10	433,400
25/05/2021	10,000	1.10	1.10	11,000
09/07/2021	500,000	1.10	1.10	550,000
22/07/2021	240,000	1.15	1.14	275,980
23/07/2021	242,000	1.15	1.15	278,300
27/07/2021	600,000	1.16	1.16	696,000
28/07/2021	25,000	1.16	1.16	29,000
29/07/2021	429,000	1.16	1.15	493,860
	6,764,000			7,172,190

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

DIRECTORS

The Directors during the financial year under review were:

Executive Directors:

Chen Xin
Liu Jinlan
Li Zongzhou

Independent non-executive Directors:

Qi Daqing
Ip Hung
Tan Henry
Zhang Hua

In accordance with Article 105 of the Company's Articles of Association, Ms. Liu Jinlan, Mr. Li Zongzhou and Dr. Zhang Hua shall retire by rotation at the forthcoming annual general meeting ("AGM") of the shareholders of the Company. All of them, being eligible, will offer themselves for re-election at the AGM.

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

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is set out in note 13 to the financial statements.

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES

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

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

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

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

FIVE HIGHEST PAID INDIVIDUALS

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

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

As at 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) Interests in the Company — Long Positions

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

Notes:

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

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

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

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

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

Apart from the foregoing, as at 31 December 2021, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

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

The total number of securities available for issue under the outstanding options as at the date of this annual report was 16,692,000 shares which represented approximately 4% of the total number of issued shares of the Company as at the date of this annual report.

Movements of the share options under the Schemes for the year ended 31 December 2021 are as follows:

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

Employees	No. of options outstanding at the beginning of the year	No. of options granted during the year	No. of options exercised during the year	No. of options forfeited or lapsed during the year	No. of options outstanding at the end of the year	Date of grant	Exercise price	Exercise period
in aggregate	160,000	–	–	(160,000)	–	12 April 2013	HKD4.31	Note 1
	340,000	–	–	(340,000)	–	19 July 2013	HKD6.86	Note 1
	800,000	–	–	–	800,000	10 September 2014	HKD5.50	Note 1
	640,000	–	–	–	640,000	15 September 2015	HKD2.59	Note 1
	11,452,000	–	–	(600,000)	10,852,000	30 August 2017	HKD1.77	Note 2

Notes:

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

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

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

As at 31 December 2021, so far as known to the Directors and chief executive of the Company, the following corporations (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO.

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

Notes:

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

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

Save as disclosed above, so far as known to the Directors and chief executive of the Company, as at 31 December 2021, there was no other person or corporation (other than a Director or chief executive of the Company) who had any interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of the Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

INFORMATION ON VARIABLE INTEREST ENTITY ("VIE") STRUCTURE

Background — the Old VIE Structure

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

Termination of Old VIE Structure

Equity Transfer Agreements

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

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

1. **First Equity Transfer Agreement**

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

2. **Second Equity Transfer Agreement**

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

Supplemental Agreement

Date: 27 April 2018

Parties:
(i) CTV Media (Shanghai)
(ii) Culture Development
(iii) Old Legal Owners
(iv) New Legal Owners

Subject Matter: The Old Legal Owners agreed to novate all rights and obligations under the Loans to the New Legal Owners. In consideration of the New Legal Owners agreeing to the novation of the Loans, the Old Legal Owners agreed to set off the New Legal Owners' obligation to pay for the aggregate consideration of RMB30 million for the Equity Transfer. The parties to the Supplemental agreement agreed that the Old Structure Contracts shall be terminated upon the New Structure Contracts becoming effective.

Establishment of New VIE Structure

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

The New Structure Contracts

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

1. Exclusive Consultancy Service Agreement

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

2. Loan Agreement

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

3. **Exclusive Purchase Option Agreement**

Date: 27 April 2018

Parties: (i) CTV Media (Shanghai)

(ii) New Legal Owners

(iii) Culture Development

Subject Matter: Each of the New Legal Owners irrevocably grant an exclusive option to CTV Media (Shanghai) which entitles CTV Media (Shanghai) or its designated nominee(s) to, subject to compliance with applicable PRC laws and regulations, elect to purchase all or part of the equity interests in Culture Development held by the New Legal Owners at the minimum price permitted by the then applicable PRC laws and regulations. Each of the New Legal Owners has undertaken to return to CTV Media (Shanghai) any consideration they received in the event that CTV Media (Shanghai) exercises such option to acquire the equity interests in Culture Development.

Culture Development irrevocably grants an exclusive option to CTV Media (Shanghai) which entitles CTV Media (Shanghai) or its designated nominee(s) to, subject to compliance with applicable PRC laws and regulations, elect to purchase all or part of the asset of Culture Development at the minimum price permitted by the then applicable PRC laws and regulations. Culture Development has undertaken to return to CTV Media (Shanghai) any consideration it received in the event that CTV Media (Shanghai) exercises such option to acquire the asset of Culture Development.

In order to prevent the flow of assets and value of Culture Development to the New Legal Owners, each of Culture Development and/or the New Legal Owners also undertakes with CTV Media (Shanghai) not to, among other things, (i) supplement, change or amend the articles of association of Culture Development, increase or reduce its registered capital or change its structure of registered capital in any other manner without prior written consent of CTV Media (Shanghai); (ii) provide or receive loans or guarantee except under the New Structure Contracts; (iii) merge or consolidate with, acquire or invest in any entity; (iv) distribute dividends or profits to the New Legal Owners; and (v) sell, transfer, mortgage or otherwise dispose of any of their interests in Culture Development or be allowed to create any encumbrances on them, except under the New Structure Contracts.

Term: A period of 10 years commencing from the Effective Date subject to early termination, which shall be automatically renewed for another 10 years unless CTV Media (Shanghai) serves notice in writing to Culture Development prior to expiry of the initial term.

4. **Equity Pledge Agreement**

Date: 27 April 2018

Parties: (i) CTV Media (Shanghai) as pledgee

(ii) New Legal Owners as pledgor

Subject Matter: The New Legal Owners agreed to pledge all their respective equity interests in Culture Development to CTV Media (Shanghai) to secure Culture Development's and/or the New Legal Owners' due performance of all the obligations under the Exclusive Consultancy Service Agreement and the Loan Agreement. CTV Media (Shanghai) shall be entitled to all dividend generated from the equity interests in Culture Development pledged to CTV Media (Shanghai).

During the term of the Equity Pledge Agreement, the New Legal Owners shall not, among other matters, transfer any of the equity interests of Culture Development without prior written consent of CTV Media (Shanghai).

Term: The pledge shall take effect upon the Effective Date and shall remain valid until one year after the expiration of all the contractual obligations of Culture Development and the New Legal Owners under the Exclusive Consultancy Service Agreement and the Loan Agreement.

5. **Business Operation Agreement**

Date: 27 April 2018

Parties: (i) CTV Media (Shanghai)

(ii) Culture Development

(iii) New Legal Owners

Subject Matter: At the request of Culture Development, CTV Media (Shanghai) may opt to serve as performance guarantor for Culture Development in any business operation agreements or transactions Culture Development may enter into with third parties, in which case, as a counter-guarantee, Culture Development shall pledge 100% of its account receivable arising from its business operation to CTV Media (Shanghai).

Each of Culture Development and the New Legal Owners agree that, in the absence of CTV Media (Shanghai)'s written consent, Culture Development shall not engage in any transaction which may materially affect its asset, obligations, right and operation, including but not limited to: (i) borrowing or assuming liabilities from any third party that exceed RMB10 million; (ii) selling to or acquiring asset or rights from any third party, including but not limited to intellectual property rights; (iii) providing guarantee in favour of any third party by creating security over its asset and intellectual property; and (iv) transferring any operational agreement in the amount exceeding RMB10 million to any third party.

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

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

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

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

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

Information on Culture Development and the New Legal Owners

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

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

During the year ended 31 December 2020, Culture Development recorded a revenue of approximately RMB2.32 million and a consolidated revenue of approximately RMB83.69 million; a loss of approximately RMB1.99 million and a consolidated loss of approximately RMB15.32 million. As at 31 December 2020, the consolidated total assets and consolidated net liabilities of Culture Development were approximately RMB385.30 million and RMB12.04 million respectively.

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

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

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

Reasons for adopting the VIE Structure

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

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

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

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

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

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

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

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

Risks related to the VIE Structure

1. **Potential changes in the PRC foreign investment legal regime**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unwinding the New VIE Structure

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

However, for the year ended 31 December 2021, none of the New Structure Contracts have been unwound as none of laws regulating the business of Culture Development that led to the adoption of the New Structure Contracts has been removed.

CONNECTED TRANSACTIONS

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

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the section headed "INFORMATION ON VARIABLE INTEREST ENTITY ("VIE") STRUCTURE", no transaction, arrangement nor contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company, his connected entity or his/her associate had a material interest, whether directly or indirectly, subsisted at 31 December 2021 or at any time during the year under review.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than share options under the Post-IPO Scheme as disclosed above, at no time during the year ended 31 December 2021 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or his/her spouse or children under 18 years of age, or were any such rights exercised by them; nor was the Company, or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

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

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

EQUITY-LINKED AGREEMENTS

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 172 of the annual report. The summary does not form part of the financial statements.

PROVIDENT AND RETIREMENT FUND SCHEMES

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

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

AUDITORS

The consolidated financial statements for the year ended 31 December 2021 have been audited by the Company's auditors, KPMG, who shall retire and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the Company's auditors will be proposed at the forthcoming AGM.

AUDIT COMMITTEE

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

By order of the Board
Chen Xin
Chairman

Independent Auditor's Report

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

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of SinoMedia Holding Limited ("the Company") and its subsidiaries ("the Group") set out on pages 99 to 171, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board("IASB"), Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Recognition of revenue from TV media resources management

Refer to note 3 to the consolidated financial statements and the accounting policies on page 123.

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

KEY AUDIT MATTERS (CONTINUED)

Expected credit loss allowances for trade receivables

Refer to note 15 to the consolidated financial statements and the accounting policies on page 120.

The Key Audit Matter	How the matter was addressed in our audit
The Group's trade receivables mainly arose from TV media resources management operations. The total allowance for expected credit loss (ECLs) for the trade receivables balances as at 31 December 2021 was RMB128,031 thousand and the related impairment charge for the year then ended was RMB1,280 thousand, which represented 2.35% of the Group's profit before taxation for the year ended 31 December 2021. Management measures loss allowances at an amount equal to lifetime ECL of the trade receivables based on estimated loss rate for each category of trade receivables grouped according to the shared credit risk characteristics. The estimated loss rates take into account the ageing of trade receivable balances, the repayment history of the Group's customers of different risk characteristics, current market conditions, customer-specific conditions, and forward-looking information. Such assessment involves significant management judgement and estimation. We identified expected credit loss allowances for trade receivables as a key audit matter because trade receivables and loss allowances are material to the Group and because the recognition of expected credit loss allowances is inherently subjective.	Our audit procedures to assess the expected credit loss allowances for trade receivables included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, segmentation of trade receivable, estimate of expected credit losses and making related allowances; • evaluating the Group's policy for estimating the credit loss allowances with reference to the requirements of the prevailing accounting standard; • obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by the management, including the basis of the segmentation of the trade receivable based on shared credit risk characteristics, the historical default data in management's estimated loss rate; • assessing the appropriateness of management's estimates of loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions, customer-specific conditions and forward-looking information; • assessing whether items in the trade receivables aging report were categorised in the appropriate aging bracket by comparing individual items, on a sample basis, with advertising contracts and monitoring report; and • re-performing the calculation of the loss allowances as at 31 December 2021 based on the Group's credit loss allowance policies.

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG
Certified Public Accountants

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

29 March 2022

Consolidated Statement of Profit or Loss

for the year ended 31 December 2021
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Revenue	3	**1,183,473**	1,175,947
Cost of services		**(1,034,176)**	(959,757)
Gross profit		**149,297**	216,190
Other (loss)/income	4	**(6,880)**	72,634
Selling and marketing expenses		**(33,060)**	(44,176)
General and administrative expenses		**(68,732)**	(119,263)
Profit from operations		**40,625**	125,385
Finance income	5(a)	**14,356**	14,283
Finance costs	5(a)	**(185)**	(101)
Net finance income		**14,171**	14,182
Share of profits less losses of associates and joint ventures		**(216)**	—
Profit before taxation		**54,580**	139,567
Income tax	6(a)	**(18,305)**	(52,259)
Profit for the year		**36,275**	87,308
Attributable to:			
Equity shareholders of the Company		**37,078**	87,213
Non-controlling interests		**(803)**	95
Profit for the year		**36,275**	87,308
Earnings per share			
Basic and diluted (RMB cents)	10	**8.0**	18.1

The notes on pages 105 to 171 form part of these financial statements. Details of dividends payable to equity shareholders of the Company for the year are set out in note 22(b).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021
(Expressed in Renminbi)

	2021	2020
	RMB'000	*RMB'000*
Profit for the year	**36,275**	87,308
Other comprehensive income/(loss) 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)	**50,714**	—
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company and overseas subsidiaries	**(10,055)**	(12,352)
Total comprehensive income for the year	**76,934**	74,956
Attributable to:		
Equity shareholders of the Company	**77,737**	74,861
Non-controlling interests	**(803)**	95
Total comprehensive income for the year	**76,934**	74,956

The notes on pages 105 to 171 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2021
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**211,162**	219,620
Investment property	*11*	**547,007**	562,511
Intangible assets	*12*	**4,194**	5,654
Other non-current financial assets	*14(a)*	**213,753**	203,425
		976,116	991,210
CURRENT ASSETS			
Trade and other receivables	*15*	**203,614**	240,685
Inventories		**7,765**	—
Restricted bank deposits		**—**	882
Time deposits with original maturity over three months		**—**	53,023
Cash and cash equivalents	*16*	**849,648**	788,084
		1,061,027	1,082,674
CURRENT LIABILITIES			
Trade and other payables	*17*	**99,321**	92,189
Contract liabilities	*18*	**246,794**	300,190
Lease liabilities	*19*	**1,224**	1,132
Current taxation	*21(a)*	**17,985**	41,210
		365,324	434,721
NET CURRENT ASSETS		**695,703**	647,953
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,671,819**	1,639,163
NON-CURRENT LIABILITIES			
Lease liabilities	*19*	**1,191**	2,448
Deferred tax liabilities	*21(b)*	**13,105**	14,934
NET ASSETS		**1,657,523**	1,621,781

The notes on pages 105 to 171 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2021
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
CAPITAL AND RESERVES			
Share capital	*22(c)*	**510,981**	510,981
Reserves		**1,154,513**	1,117,368
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**1,665,494**	1,628,349
Non-controlling interests		**(7,971)**	(6,568)
TOTAL EQUITY		**1,657,523**	1,621,781

Approved and authorised for issue by the board of directors on 29 March 2022.

Chen Xin
Chairman

Li Zongzhou
Director

The notes on pages 105 to 171 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share capital *RMB'000* *(note 22(c))*	Capital reserve *RMB'000* *(note 22(d))*	Statutory reserve *RMB'000* *(note 22(d))*	Translation reserve *RMB'000* *(note 22(d))*	Other reserves *RMB'000* *(note 22(d))*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2021	**510,981**	**30,807**	**126,886**	**(13,549)**	**2,308**	**970,916**	**1,628,349**	**(6,568)**	**1,621,781**
Changes in equity for 2021:									
Profit for the year	**–**	**–**	**–**	**–**	**–**	**37,078**	**37,078**	**(803)**	**36,275**
Other comprehensive income	**–**	**–**	**–**	**(10,055)**	**50,714**	**–**	**40,659**	**–**	**40,659**
Total comprehensive income	**–**	**–**	**–**	**(10,055)**	**50,714**	**37,078**	**77,737**	**(803)**	**76,934**
Equity-settled share-based transactions (note 20)	**–**	**226**	**–**	**–**	**–**	**–**	**226**	**–**	**226**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(6,031)**	**(6,031)**	**–**	**(6,031)**
Dividends declared by subsidiaries to the non-controlling equity owner	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(600)**	**(600)**
Dividends paid to equity shareholders of the Company (note 22(b)(ii))	**–**	**–**	**–**	**–**	**–**	**(34,787)**	**(34,787)**	**–**	**(34,787)**
Balance at 31 December 2021	**510,981**	**31,033**	**126,886**	**(23,604)**	**53,022**	**967,176**	**1,665,494**	**(7,971)**	**1,657,523**
Balance at 1 January 2020	510,981	29,935	126,886	(1,197)	2,308	912,530	1,581,443	(6,048)	1,575,395
Changes in equity for 2020:									
Profit for the year	–	–	–	–	–	87,213	87,213	95	87,308
Other comprehensive loss	–	–	–	(12,352)	–	–	(12,352)	–	(12,352)
Total comprehensive income	–	–	–	(12,352)	–	87,213	74,861	95	74,956
Equity-settled share-based transactions (note 20)	–	872	–	–	–	–	872	–	872
Purchase of own shares	–	–	–	–	–	(18,125)	(18,125)	–	(18,125)
Dividends declared by subsidiaries to the non-controlling equity owner	–	–	–	–	–	–	–	(615)	(615)
Dividends paid to equity shareholders of the Company (note 22(b)(ii))	–	–	–	–	–	(10,702)	(10,702)	–	(10,702)
Balance at 31 December 2020	510,981	30,807	126,886	(13,549)	2,308	970,916	1,628,349	(6,568)	1,621,781

The notes on pages 105 to 171 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2021
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES			
Cash generated from operations	*16(b)*	**85,578**	320,615
Income tax paid	*21(a)*	**(43,106)**	(30,486)
Net cash generated from operating activities		**42,472**	290,129
INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		**(436)**	(393)
Payment for purchase of intangible assets		**—**	(607)
Payment for purchase of other financial assets		**(6,460)**	(82,000)
Proceeds from disposal of financial assets		**23,900**	43,301
Received from other financial asset		**—**	2,000
Investments to an associate		**(14,850)**	—
Time deposits with initial term over three months		**53,023**	(22,587)
Proceeds from disposal of property, plant and equipment		**—**	153
Received from restricted cash		**885**	—
Payment of restricted cash		**—**	(882)
Interest received	*5(a)*	**14,073**	14,268
Dividends received from investments in securities		**1,529**	1,536
Other cash flow used in investing activities		**(461)**	—
Net cash generated from/(used in) investing activities		**71,203**	(45,211)
FINANCING ACTIVITIES			
Payment for purchase of own shares		**(6,031)**	(18,125)
Dividends paid to equity shareholders of the Company		**(36,047)**	(10,702)
Capital element of lease rentals paid	*16(c)*	**(1,165)**	(1,912)
Interest element of lease rentals paid	*16(c)*	**(148)**	(59)
Other cash flows arsing from financing activities		**—**	28
Net cash used in financing activities		**(43,391)**	(30,770)
Net increase in cash and cash equivalents		**70,284**	214,148
Cash and cash equivalents at 1 January		**788,084**	583,677
Effect of foreign exchange rate changes		**(8,720)**	(9,741)
Cash and cash equivalents at 31 December	*16*	**849,648**	788,084

The notes on pages 105 to 171 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

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

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

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

— derivative financial instruments (see note 1(h)).

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

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

- Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS7, IFRS/HKFRS 4 and IFRS/HKFRS16, *Interest Rate Benchmark Reform-Phase 2*

- Amendment to IFRS/HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*

Other than the amendment to IFRS/HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs/HKFRSs are discussed below:

Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS7, IFRS/HKFRS 4 and IFRS/HKFRS16, *Interest Rate Benchmark Reform-Phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform"). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to IFRS/HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in IFRS/HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met (see note 1(m)). One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The application of the amendments has had no material impact on the Group's financial results and financial position for the current and prior periods.

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates

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

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

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

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

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

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

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

(f) Goodwill

Goodwill represents the excess of

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

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

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

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

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

(g) Other investments in equity securities

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

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

(i) Investments other than equity investments

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in equity securities (Continued)

(ii) Equity investments

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

(h) Derivative financial instruments

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

(i) Investment property

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Other property, plant and equipment

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

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

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

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

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

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

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

(k) Intangible assets (other than goodwill)

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

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

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

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

Both the period and method of amortisation are reviewed annually.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets

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

(i) As a lessee

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

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

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

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

— right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(i); and

— right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value in accordance with note 1(j); and

— right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 1(n).

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets (Continued)

(i) As a lessee (Continued)

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

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

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

(ii) As a lessor

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and impairment of assets

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

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

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

— contract assets as defined in IFRS/HKFRS 15;

— debt securities measured at FVOCI (recycling);

— lease receivables; and

— loan commitments issued, which are not measured at FVPL.

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

Measurement of ECLs

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

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

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

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

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

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

— loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

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

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

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

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

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

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

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

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

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

Significant increases in credit risk

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

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

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

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

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

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

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Significant increases in credit risk (Continued)

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

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

Basis of calculation of interest income

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

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

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

— significant financial difficulties of the debtor;

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

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

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

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

Write-off policy

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

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

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

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see note 1(w)).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Impairment of other non-current assets

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

— property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);

— intangible assets;

— goodwill; and

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

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

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iv) Interim financial reporting and impairment

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

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

(n) Other contract costs

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Contract assets and contract liabilities

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

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

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

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

(p) Trade and other receivables

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

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(m)).

(q) Cash and cash equivalents

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

(r) Trade and other payables

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

(s) Interest-bearing borrowings

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits

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

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

(ii) Share-based payments

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

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

(iii) Termination benefits

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

(u) Income tax

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

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

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

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

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

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

(w) Revenue and other income

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

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

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

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

(i) TV media resources management

Revenue from TV media resources management is primarily derived from the placement of advertisements. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to reports issued by an independent third party with relevant qualification and experience on a monthly basis, which evidence the advertisement actually broadcast.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue and other income (Continued)

(ii) Content operations and other integrated communication services

Revenue from content operations is primarily derived from advertisement production and other content production. The revenue from content operations is recognised when advertisement production is delivered to the customer in time while the customer has accepted the advertisement production and the related risks and rewards of ownership. Revenue from other integrated communication services is primarily derived from commissions received for assisting advertising clients in obtaining advertising time on media platforms, primarily television stations. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group in proportion to the stage of completion of the transaction on a monthly basis. The stage of completion is assessed by reference to service performed to date as a percentage of total services to be performed.

(iii) Digital marketing and internet media

Revenue from digital marketing and internet media are primarily derived from digital precision marketing and internet websites operations. The revenue from digital marketing is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The revenue from internet media operations is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(iv) Rental income from operating leases

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

(v) Dividends

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

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

(vi) Interest income

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

(vii) Government grants

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Translation of foreign currencies

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

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

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

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

(y) Borrowing costs

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

(z) Related parties

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

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

(ii) has significant influence over the Group; or

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

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Related parties (Continued)

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

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

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

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

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

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

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

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

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

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

(aa) Segment reporting

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

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

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

For the year ended 31 December 2021, there are RMB3,557 thousand of revenue generated from outside Mainland China (2020: RMB5,117 thousand). As at 31 December 2021, the balances of non-current assets, which are based on the physical location of the assets located outside Mainland China, are RMB8 thousand (2020: RMB8 thousand).

2 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Classification of interests in leasehold land and buildings held for own use

In accordance with IAS/HKAS 16, *Property, plant and equipment*, the Group chooses to apply either the cost model or the revaluation model as its accounting policy for items of property, plant and equipment held for own use on a class-by-class basis. In applying this policy, the Group has concluded that its registered ownership interests in leasehold properties and the right to use other properties leased under tenancy agreements are two separate groupings of assets which differ significantly in their nature and use. Accordingly, they are regarded by the Group as separate classes of asset for subsequent measurement policies in accordance with notes 1(j) and (l). Specifically, registered ownership interests are carried under the revaluation model, while rights to use properties under tenancy agreements are carried at depreciated cost.

In making this judgement, the Group has taken into account that, as the registered owner of a leasehold property, the Group is able to benefit fully from any changes in the valuation of these properties whether as holding gains or by selling the property interest to others, as well as being able to use the properties in its operation free of paying market rents. In contrast, the shorter term tenancy agreements are typically for periods of no more than 10 years and are subject to other restrictions, in particular on transferability of the Group's tenancy rights to others. These shorter term tenancy agreements are executed in order to retain operational flexibility and to reduce the Group's exposure to the property market fluctuation. They may contain termination or extension clauses, and/or variable rental payment clauses linked to the level of sales generated by the Group's use of the premises, and are typically subject to market rent reviews.

(b) Sources of estimation uncertainty

Notes 11(b), 20 and 23 contain information about the assumptions and their risk factors relating to valuation of investment property, goodwill impairment, defined benefit retirement obligations, fair value of share options granted and financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1(f). The recoverable amounts of cash-generating units have been determined based on the higher of the cash-generating units' fair value less costs to sell and its value in use.

(ii) Depreciation

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

2 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (Continued)

(iii) Determining the lease term

As explained in policy note 1(l), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

3 REVENUE

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

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

	2021 *RMB'000*	2020 *RMB'000*
Revenue from contracts with customers within the scope of IFRS/ HKFRS 15		
— Revenue from TV media resources management	**904,416**	941,995
— Revenue from content operations and other integrated communication services	**123,457**	99,990
— Revenue from digital marketing and internet media	**99,044**	78,252
Less: Sales taxes and surcharges	**(1,748)**	(1,640)
	1,125,169	1,118,597
Revenue from rental		
— Revenue from rental	**65,401**	64,938
Less: Sales taxes and surcharges	**(7,097)**	(7,588)
	58,304	57,350
	1,183,473	1,175,947

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

4 OTHER (LOSS)/INCOME

	Note	2021 RMB'000	2020 RMB'000
Government grant	*(i)*	**11,756**	14,128
Unrealised (losses)/gains on financial asset	*(ii)*	**(25,829)**	41,698
Gains on disposal of financial asset	*(iii)*	**4,484**	16,078
Others		**2,709**	730
		(6,880)	72,634

Notes:

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

(ii) The unrealised (losses)/gains were from investment in China Feihe Limited ("China Feihe").

(iii) The Group conducted on-market transactions to dispose of an aggregate of 1,284,000 shares of China Feihe Limited on 12 January 2021 (representing approximately 0.014% of the number of total issued shares in China Feihe Limited as at 12 January 2021) at an average price HKD22.45 per share. The Group recognised gains of approximately RMB4,484 thousand from the disposals.

5 PROFIT BEFORE TAXATION

(a) Finance income and costs

	2021 RMB'000	2020 RMB'000
Interest income on bank deposits	**14,073**	14,268
Net foreign exchange gain	**283**	15
Finance income	**14,356**	14,283
Interest on lease liabilities	**(148)**	(59)
Others	**(37)**	(42)
Finance costs	**(185)**	(101)
Net finance income	**14,171**	14,182

5 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff cost

	Note	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits		**57,227**	58,810
Contributions to defined contribution plan	*(i)*	**4,140**	535
Equity-settled share-based payment expenses	*20*	**226**	872
		61,593	60,217

(i) Defined contribution plan

As stipulated by the regulations of the PRC, the Group participates in a defined contribution plan organised by municipal and provincial governments for its employees. The Group is required to make contributions to the contribution plans at rates ranging from 14% to 16% (2020: 14% to 16%) of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

According to the Notices on Periodic Reduction and Exemption of Corporate Social Insurance issued by Department of Resource and social security of Shanghai and Beijing, the Group's PRC subsidiaries enjoyed 100% reduction of above mentioned contributions to the contribution plans for the period from 1 February 2020 to 31 December 2020.

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

5 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

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

	Note	**2021** ***RMB'000***	2020 *RMB'000*
Amortisation			
— intangible assets	*12*	**1,460**	3,652
Depreciation	*11(a)*		
— owned property, plant and equipment		**23,148**	23,226
— right-of-use assets		**1,208**	2,004
		24,356	25,230
Impairment losses			
— trade debtors and bills receivable	*23(a)*	**1,280**	36,500
— other receivables		**—**	3,650
— other financial assets		**—**	200
— goodwill		**955**	6,002
— Intangible assets	*12*	**—**	7,700
— Interest in associates		**14,500**	2,553
— Investment property	*11(a)*	**—**	2,855
		16,735	59,460
Auditors' remuneration			
— audit services		**2,650**	2,650
Professional fee		**918**	2,221
Research and development costs (other than amortisation and depreciation)		**2,444**	597

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2021 *RMB'000*	2020 *RMB'000*
Current tax		
Provision for Hong Kong profit tax for the current year	**–**	2,510
Provision for PRC income tax for the current year	**24,588**	45,238
(Over)/under—provision in respect of prior years	**(4,642)**	26
Effect of change in tax rate	**–**	(5,234)
	19,946	42,540
Deferred tax		
Origination and reversal of temporary differences *(note 21(b))*	**(1,641)**	9,719
Total income tax expense	**18,305**	52,259

(i) The provision for Hong Kong profits tax of the Company is based on the applicable rates on the estimated assessable profits in accordance with the relevant income tax rules and regulations of the Hong Kong. Hong Kong implements two—tiered profits tax rate. The first 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 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". This certification can be used between calendar year 2019 and 2021 and the with-holding tax rate would be 5%.

(ii) No provision has been made for Hong Kong profits tax and Singapore income tax as the Company's subsidiary in Hong Kong and Singapore had unutilised tax losses brought forward from prior years which was sufficient to set-off against taxable income of 2021.

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

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

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

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

	2021 *RMB'000*	2020 *RMB'000*
Profit before taxation	**54,580**	139,567
Notional tax on profit before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions	**16,704**	29,993
Tax effect of temporary differences not recognised	**2,729**	14,419
Dividends withholding tax	**9,970**	10,219
Tax effect of non–deductible expenses	**1,621**	3,804
Effect of change in tax rate	**—**	(5,234)
Tax effect of use of tax losses in prior years	**(4,609)**	(422)
Tax effect of non–taxable income	**(3,390)**	(446)
(Over)/under–provision in respect of prior years	**(4,642)**	26
Others	**(78)**	(100)
Actual tax expense	**18,305**	52,259

7 DIRECTORS' EMOLUMENTS

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

For the year ended 31 December 2021

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

For the year ended 31 December 2020

	Directors' fees *RMB'000*	Salaries, allowances and other benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Contribution to defined contribution plan *RMB'000*	Equity settled share-based payment *RMB'000*	2020 Total *RMB'000*
Executive directors						
Chen Xin	–	928	200	61	–	1,189
Liu Jinlan	–	1,140	450	58	118	1,766
Li Zongzhou	–	1,020	–	–	84	1,104
Independent non-executive directors						
Qi Daqing	200	–	–	–	12	212
Wang Xin (retired on 9 June 2020)	72	–	–	–	–	72
He Hui David (retired on 9 June 2020)	–	–	–	–	–	–
IP Hung	174	–	–	–	–	174
Tan Henry (appointed on 9 June 2020)	101	–	–	–	–	101
Zhang Hua (appointed on 9 June 2020)	101	–	–	–	–	101
	648	3,088	650	119	214	4,719

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments during the year ended 31 December 2021, one (2020: three) is Director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2020: two) individuals are as follows:

	2021 *RMB'000*	2020 *RMB'000*
Salaries, allowances and other benefits in kind	**4,138**	2,216
Discretionary bonuses	**702**	100
Contribution to defined contribution plan	**251**	23
Equity-settled share-based transactions	**3**	21
	5,094	2,360

The emoluments of the four (2020: two) individuals with the highest emoluments are within the following bands:

	2021	2020
RMB Nil to RMB1,000,000	**–**	1
RMB1,000,001 to RMB2,000,000	**4**	1

9 OTHER COMPREHENSIVE INCOME

There are no tax effects relating to the exchange differences on translation of financial statements of the Company and its subsidiaries in Hong Kong and Singapore during the year (2020: nil).

10 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 RMB37,078 thousand (2020: RMB87,213 thousand) and the weighted average of 463,629,296 ordinary shares (2020: 481,766,082 shares) in issue during the year, calculated as follows:

	2021 *RMB'000*	2020 *RMB'000*
Profit attributable to ordinary equity shareholders	**37,078**	87,213

Weighted average number of ordinary shares	**2021** *'000*	2020 *'000*
Issued ordinary shares at 1 January	**468,567**	490,712
Effect of shares repurchased	**(4,938)**	(8,946)
Weighted average number of ordinary shares at 31 December	**463,629**	481,766

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB37,078 thousand (2020: RMB87,213 thousand) and the weighted average number of ordinary shares of 463,629,296 shares (2020: 481,766,082 shares) after adjusting for the effect of share options in issue, calculated as follows:

	2021 *RMB'000*	2020 *RMB'000*
Profit attributable to ordinary equity shareholders (basic and diluted)	**37,078**	87,213

Weighted average number of ordinary shares (diluted)	**2021** *'000*	2020 *'000*
Weighted average number of ordinary shares (basic)	**463,629**	481,766
Effect of share options in issue	**—**	—
Weighted average number of ordinary shares (diluted) at 31 December	**463,629**	481,766

11 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

(a) Reconciliation of carrying amount

	Buildings held for own use carried at cost *RMB'000*	Fixtures, fittings and computer equipment *RMB'000*	Motor vehicles *RMB'000*	Sub-total *RMB'000*	Investment property *RMB'000*	Total *RMB'000*
Original cost						
Balance at 1 January 2020	274,578	12,628	15,239	302,445	691,217	993,662
Additions	4,291	393	—	4,684	—	4,684
Disposals	(3,127)	(1,518)	(1,058)	(5,703)	—	(5,703)
Balance at 31 December 2020	275,742	11,503	14,181	301,426	691,217	992,643
Balance at 1 January 2021	**275,742**	**11,503**	**14,181**	**301,426**	**691,217**	**992,643**
Additions	**—**	**84**	**352**	**436**	**—**	**436**
Disposals	**(50)**	**(425)**	**(282)**	**(757)**	**—**	**(757)**
Balance at 31 December 2021	**275,692**	**11,162**	**14,251**	**301,105**	**691,217**	**992,322**
Depreciation						
Balance at 1 January 2020	53,125	11,648	12,728	77,501	110,358	187,859
Charge for the year	8,901	459	377	9,737	15,493	25,230
Disposals	(3,127)	(1,320)	(985)	(5,432)	—	(5,432)
Balance at 31 December 2020	58,899	10,787	12,120	81,806	125,851	207,657
Balance at 1 January 2021	**58,899**	**10,787**	**12,120**	**81,806**	**125,851**	**207,657**
Charge for the year	**8,126**	**314**	**412**	**8,852**	**15,504**	**24,356**
Disposals	**(43)**	**(404)**	**(268)**	**(715)**	**—**	**(715)**
Balance at 31 December 2021	**66,982**	**10,697**	**12,264**	**89,943**	**141,355**	**231,298**

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

(a) Reconciliation of carrying amount (Continued)

	Buildings held for own use carried at cost *RMB'000*	Fixtures, fittings and computer equipment *RMB'000*	Motor vehicles *RMB'000*	Sub-total *RMB'000*	Investment property *RMB'000*	Total *RMB'000*
Impairment loss						
Balance at 1 January 2020	—	—	—	—	—	—
Charge for the year	—	—	—	—	2,855	2,855
Balance at 31 December 2020	—	—	—	—	2,855	2,855
Balance at 1 January 2021	**—**	**—**	**—**	**—**	**2,855**	**2,855**
Charge for the year	**—**	**—**	**—**	**—**	**—**	**—**
Balance at 31 December 2021	**—**	**—**	**—**	**—**	**2,855**	**2,855**
Net book value						
At 31 December 2021	**208,710**	**465**	**1,987**	**211,162**	**547,007**	**758,169**
At 31 December 2020	216,843	716	2,061	219,620	562,511	782,131

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

(b) Fair value measurement of investment properties

According to the Property Valuation Report issued by Zhongxing Huazi (Beijing) Real Estate Appraisal Engineering Consulting Co., Ltd., an independent qualified valuer in Beijing, the fair value as at 31 December 2021 of the Group's investment properties in Beijing are RMB1,118,859 thousand (2020: RMB1,108,854 thousand).

(c) Right-of-use assets

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

	Note	**31 December 2021** *RMB'000*	**1 January 2021** *RMB'000*
Other properties leased for own use, carried at depreciated cost	*(i)*	**2,626**	**3,834**

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

	2021 *RMB'000*	2020 *RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use	**1,208**	2,004
Interest on lease liabilities	**148**	59
Expense relating to short-term leases	**501**	1,446

During the year, additions to right-of-use assets were nil (2020: RMB4,291 thousand).

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 16(c) and 19, respectively.

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

(c) Right-of-use assets (Continued)

(i) Other properties leased for own use

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

(d) Investment properties leased out under operating leases

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

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

	2021 ***RMB'000***	2020 *RMB'000*
Within 1 year	**64,286**	64,043
After 1 year but within 5 years	**163,124**	160,400
	227,410	224,443

12 INTANGIBLE ASSETS

	Development costs *RMB'000*	Patents and trademarks *RMB'000*	Softwares *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2020	12,381	49,428	616	62,425
Additions	607	—	—	607
At 31 December 2020	12,988	49,428	616	63,032
At 1 January 2021	**12,988**	**49,428**	**616**	**63,032**
Additions	**—**	**—**	**—**	**—**
At 31 December 2021	**12,988**	**49,428**	**616**	**63,032**
Accumulated amortisation				
At 1 January 2020	12,381	33,182	463	46,026
Charge for the year	—	3,604	48	3,652
At 31 December 2020	12,381	36,786	511	49,678
At 1 January 2021	**12,381**	**36,786**	**511**	**49,678**
Charge for the year	**607**	**804**	**49**	**1,460**
At 31 December 2021	**12,988**	**37,590**	**560**	**51,138**
Impairment loss				
At 1 January 2020	—	—	—	—
Charge for the year	—	7,700	—	7,700
At 31 December 2020	—	7,700	—	7,700
At 1 January 2021	**—**	**7,700**	**—**	**7,700**
Charge for the year	**—**	**—**	**—**	**—**
At 31 December 2021	**—**	**7,700**	**—**	**7,700**
Net book value				
At 31 December 2021	**—**	**4,138**	**56**	**4,194**
At 31 December 2020	607	4,942	105	5,654

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

(Expressed in Renminbi unless otherwise indicated)

13 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2021, the Company had direct and indirect interests in the following principal subsidiaries:

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

13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of companies	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities	Director(s)
Beijing Lotour Huicheng Internet Technology Company Limited 北京樂途匯誠網絡技術有限責任公司	Beijing, the PRC 21-Dec-10	RMB30,841,400	70.80%	–	71%	Information services, media production and advertisement services	Mr. Liu Xuming Mr. Chen Xin Mr. Peng Bin
Hangzhou Sanji Media Company Limited 杭州三基傳媒有限公司	Hangzhou, the PRC 22-Jun-06	RMB50,930,000	99.70%	–	100%	Information services, media production and advertisement services	Mr. Chen Xin Ms. Liu Jinlan
Hangzhou Dalei Internet Technology Company Limited 杭州大雷網絡科技有限公司	Hangzhou, the PRC 09-May-12	RMB10,000,000	99.70%	–	100%	Information services, media production and advertisement services	Ms. Li Mingzhu
Golden Bridge Wisdom Technology (Beijing) Company Limited 金橋智慧科技（北京）有限公司	Beijing, the PRC 05-Feb-16	RMB10,000,000	99.70%	–	100%	Advertisement design and production, agency and publishing services	Mr. Li Zongzhou
Pinmu Ronghe Business Management (Shanghai) Company Limited 品木融和企業管理（上海）有限公司	Shanghai, the PRC 02-Nov-16	RMB1,000,000	99.70%	–	100%	Corporate management, consulting and property management	Mr. Yan Tiehua
Pinmu Ronghe Property Management (Beijing) Company Limited 品木融和物業管理（北京）有限公司	Beijing, the PRC 16-Dec-16	RMB200,000	99.70%	–	100%	Corporate management, consulting and property management	Mr. Yan Tiehua
Beijing Document Time International Culture Company Limited 北京紀錄時代國際文化有限公司	Beijing, the PRC 22-Feb-17	RMB1,000,000	99.70%	–	100%	Advertisement design and production, agency and publishing services	Mr. Li Zongzhou
Little Lion (Beijing) Food Culture Company Limited 小小雄獅（北京）食品文化有限公司	Beijing, the PRC 02-Apr-20	RMB1,000,000	84.19%	–	84.19%	Sales of fresh fruit, fresh vegetables, edible produce	Ms. Liu Zhiyi

14 OTHER FINANCIAL ASSETS

(a) Other non-current financial assets

	Note	2021 RMB'000	2020 RMB'000
Financial assets measured at FVPL			
— Equity securities listed in Hong Kong	*(i)*	**34,579**	81,425
Equity securities measured at FVOCI			
— Equity securities not held for trading	*(ii)*	**179,174**	122,000
		213,753	203,425

Notes:

(i) As at 31 December 2021, the Group holds approximately 0.045% shares of China Feihe Limited (stock code:6186) and designated the investment at FVPL. Dividends received on this investment were HKD1,843 thousand (approximately RMB1,529 thousand) during the year ended 31 December 2021.

(ii) The unlisted equity securities are mainly shares in Shanghai Bloks Technology Group Co., Ltd. (formerly known as "Shanghai Putao Technology Group Co., Ltd."). The Group designated its investment in Shanghai Bloks Technology Group Co., Ltd. at FVOCI (non-recycling), as the investment is held for strategic purposes.

15 TRADE AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Current assets		
Trade debtors and bills receivable, net of loss allowance	**117,588**	82,697
Prepayments and deposits to media suppliers	**80,010**	148,690
Advances to employees	**2,962**	3,047
Other debtors and prepayments, net of loss allowance	**3,054**	6,251
	203,614	240,685

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**78,689**	58,444
3 months to 6 months	**30,181**	16,486
6 months to 12 months	**8,496**	7,620
Over 12 months	**222**	147
	117,588	82,697

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

The Group's exposure to credit risks related to trade and other receivables are disclosed in note 23(a).

16 CASH AND CASH EQUIVALENTS

	2021	2020
	RMB'000	*RMB'000*
Cash at banks and on hand	**849,648**	788,084

(a) Cash and cash equivalents are denominated in:

	2021	2020
	RMB'000	*RMB'000*
RMB	**515,860**	573,274
HKD	**188,910**	202,245
USD	**133,869**	970
AUD	**6**	6
SGD	**7,385**	7,936
CAD	**3,454**	3,479
CHF	**164**	174
	849,648	788,084

16 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Note	2021 RMB'000	2020 RMB'000
Profit before taxation		**54,580**	139,567
Adjustments for:			
Depreciation	5(c)	**24,356**	25,230
Amortisation of intangible assets	5(c)	**1,460**	3,652
Impairment loss of goodwill		**955**	6,002
Impairment loss of intangible assets	12	**—**	7,700
Impairment loss of investment property	11(a)	**—**	2,855
Impairment loss of associates		**14,500**	2,553
Impairment loss of other financial assets		**—**	200
Finance income	5(a)	**(14,073)**	(14,268)
Finance cost		**148**	59
Net foreign exchange (gain)/loss		**(322)**	74
Net losses on disposal of property, plant and equipment		**21**	107
Gains on disposal of financial assets	4	**(4,484)**	(16,078)
Unrealised losses/(gains) on financial assets	4	**25,829**	(41,698)
Dividend income		**(1,529)**	(1,564)
Equity-settled share-based payment expenses	5(b)	**226**	872
		101,667	115,263
Changes in working capital:			
Decrease in trade and other receivables		**32,168**	86,911
(Decrease)/increase in trade and other payables and contract liabilities		**(48,257)**	118,441
Cash generated from operations		**85,578**	320,615

16 CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

	Lease liabilities *RMB'000*
At 1 January 2021	**3,580**
Capital element of lease rentals paid	**(1,165)**
Interest element of lease rentals paid	**(148)**
Total changes from financing cash flows	**(1,313)**
Other changes	
Increase in lease liabilities from entering into new leases during the year	**—**
Finance costs (note 5(a))	**148**
Total other changes	**148**
Exchange adjustment	**—**
At 31 December 2021	**2,415**

17 TRADE AND OTHER PAYABLES

	Note	**2021** ***RMB'000***	2020 *RMB'000*
Trade payables		**29,130**	16,306
Payroll and welfare expenses payables		**8,535**	17,997
Other tax payables	*(i)*	**14,476**	8,153
Other payables and accrued charges		**46,580**	48,473
Dividends payable due to non-controlling interests		**600**	1,260
Financial liabilities measured at amortised cost		**99,321**	92,189

(i) Other tax payables mainly comprised value-added tax payable and the construction fee for cultural undertaking payable.

Ageing analysis of Trade Payables

	2021 ***RMB'000***	2020 *RMB'000*
Within 3 months	**18,180**	12,049
3 months to 6 months	**5,685**	2,660
6 months to 12 months	**2,980**	79
Over 12 months	**2,285**	1,518
	29,130	16,306

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 23.

18 CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Media services contracts		
— Billings in advance of performance	**232,269**	283,503
Rental contracts		
— Billings in advance of performance	**14,525**	16,687
	246,794	300,190

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

19 LEASE LIABILITIES

At 31 December 2021, the lease liabilities were repayable as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	**1,224**	1,132
After 1 year but within 2 years	**1,191**	1,241
After 2 years but within 5 years	**—**	1,207
	1,191	2,448
	2,415	3,580

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) Pre-IPO Share Option Scheme

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

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

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

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Post-IPO Share Option Scheme

Pursuant to the ordinary resolutions of the shareholders of the Company passed on 27 May 2008, the Company has adopted a share option scheme (the "Post-IPO Scheme") whereby directors of the Company may, at their discretion, invite any full time employee, director or any person approved by the Board or shareholders of the Company to take up options which entitle them to subscribe for shares of the Company.

Up to 31 December 2021, the Company granted 12 tranches of share option under Post-IPO Scheme.

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

(1) Post-IPO 1st tranche

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

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

(2) Post-IPO 2nd tranche

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

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

(3) Post-IPO 3rd tranche

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

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

(4) Post-IPO 4th tranche

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

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

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

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

(5) Post-IPO 5th tranche

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

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

(6) Post-IPO 6th tranche

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

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

(7) Post-IPO 7th tranche

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

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

(8) Post-IPO 8th tranche

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

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

(9) Post-IPO 9th tranche

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

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

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

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

(10) Post-IPO 10th tranche

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

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

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

Grant date	Number of options	Vesting conditions	Contractual life of options
10 September 2014	200,000	One year's service	8 years
10 September 2014	200,000	Two years' service	8 years
10 September 2014	200,000	Three years' service	8 years
10 September 2014	200,000	Four years' service	8 years

(11) Post-IPO 11th tranche

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

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

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

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

(Expressed in Renminbi unless otherwise indicated)

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

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

(12) Post-IPO 12th tranche

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

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

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

Grant date	Number of options	Vesting conditions	Contractual life of options
30 August 2017	3,988,000	One year's service	8 years
30 August 2017	3,988,000	Two years' service	8 years
30 August 2017	3,988,000	Three years' service	8 years
30 August 2017	3,988,000	Four years' service	8 years

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

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

	Post-IPO Option 1st tranche	Post-IPO Option 2nd tranche	Post-IPO Option 3rd tranche	Post-IPO Option 4th tranche	Post-IPO Option 5th tranche	Post-IPO Option 6th tranche
At 1 January 2020	–	–		–	–	HKD2.36 800,000
Granted	–	–	–	–	–	–
Exercised	–	–	–	–	–	–
Lapsed	–	–	–	–	–	HKD2.36 800,000
At 31 December 2020	–	–	–	–	–	–
Currently exercisable As at 31 December 2020	–	–	–	–	–	–
At 1 January 2021	–	–	–	–	–	–
Granted	–	–	–	–	–	–
Exercised	–	–	–	–	–	–
Lapsed	–	–	–	–	–	–
At 31 December 2021	–	–	–	–	–	–
Currently exercisable As at 31 December 2021	–	–	–	–	–	–

	Post-IPO Option 7th tranche	Post-IPO Option 8th tranche	Post-IPO Option 9th tranche	Post-IPO Option 10th tranche	Post-IPO Option 11th tranche	Post-IPO Option 12th tranche	Total
At 1 January 2020	HKD3.22 510,000	HKD4.31 260,000	HKD6.86 650,000	HKD5.50 800,000	HKD2.59 640,000	HKD1.77 17,252,000	20,912,000
Granted	–	–	–	–	–	–	–
Exercised	–	–	–	–	–	–	–
Lapsed	HKD3.22 510,000	HKD4.31 100,000	HKD6.86 310,000	–	–	HKD1.77 700,000	2,420,000
At 31 December 2020	–	HKD4.31 160,000	HKD6.86 340,000	HKD5.50 800,000	HKD2.59 640,000	HKD1.77 16,552,000	18,492,000
Currently exercisable As at 31 December 2020	–	HKD4.31 160,000	HKD6.86 340,000	HKD5.50 800,000	HKD2.59 640,000	HKD1.77 12,414,000	14,354,000
At 1 January 2021	–	HKD4.31 160,000	HKD6.86 340,000	HKD5.50 800,000	HKD2.59 640,000	HKD1.77 16,552,000	18,492,000
Granted	–	–	–	–	–	–	–
Exercised	–	–	–	–	–	–	–
Lapsed	–	HKD4.31 160,000	HKD6.86 340,000	–	–	HKD1.77 600,000	1,100,000
At 31 December 2021	–	–	–	HKD5.50 800,000	HKD2.59 640,000	HKD1.77 15,952,000	17,392,000
Currently exercisable As at 31 December 2021	–	–	–	HKD5.50 800,000	HKD2.59 640,000	HKD1.77 15,952,000	17,392,000

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

The options of Post-IPO 10th tranche outstanding as at 31 December 2021 had an exercise price of HKD5.50 per share and a weighted average remaining contractual life of 0.69 years.

The options of Post-IPO 11th tranche outstanding as at 31 December 2021 had an exercise price of HKD2.59 per share and a weighted average remaining contractual life of 1.7 years.

The options of Post-IPO 12th tranche outstanding as at 31 December 2021 had an exercise price of HKD1.77 per share and a weighted average remaining contractual life of 3.67 years.

20 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

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

(iii) Fair value of share options and assumptions

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

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

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

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

21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	2021 RMB'000	2020 RMB'000
Income tax			
Balance at the beginning of the year		**41,210**	29,300
Provision for the year	*6(a)*	**24,588**	47,748
(Over)/under-provision in respect of prior years	*6(a)*	**(4,642)**	26
Effect of change on tax rate	*6(a)*	**—**	(5,234)
Tax paid		**(43,106)**	(30,486)
Exchange adjustment		**(65)**	(144)
Balance of tax provision at the end of the year		**17,985**	41,210

(b) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from

	Net unrealised gains RMB'000	With-holding tax RMB'000	Total RMB'000
At 1 January 2020	5,708	—	5,708
Charged to profit or loss	4,734	4,985	9,719
Exchange adjustment	(493)	—	(493)
At 31 December 2020	9,949	4,985	14,934
At 1 January 2021	**9,949**	**4,985**	**14,934**
(Credited)/charged to profit or loss	**(6,626)**	**4,985**	**(1,641)**
Exchange adjustment	**(188)**	**—**	**(188)**
At 31 December 2021	**3,135**	**9,970**	**13,105**

(c) Deferred tax assets not recognised:

In accordance with the accounting policies set out in note 1(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses and temporary differences of RMB213,491 thousand (2020: RMB207,733 thousand) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities. The cumulative tax losses comprised tax losses arose from various years, and each year's tax loss can be carried forward for years which is pursuant to the local rules and regulations.

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

(d) Deferred tax liabilities not recognised:

As at 31 December 2021, temporary differences relating to the undistributed retained earnings of PRC subsidiaries amounted to RMB873,049 thousand (2020: RMB1,011,850 thousand). Deferred tax liability of RMB43,522 thousand (2020: RMB50,441 thousand) have not been recognised in respect of the tax that would be payable on the distribution of these retained earnings as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that those retained earnings are not likely to be distributed in the foreseeable future.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Share capital *RMB'000* *note 22(c))*	**Capital reserve** *RMB'000* *(note 22(d))*	**Translation reserve** *RMB'000* *(note 22(d))*	**Retained profits** *RMB'000* *(note 22(d))*	**Total** *RMB'000*
Balance at 1 January 2020	510,981	30,339	5,847	(72,449)	474,718
Changes in equity for 2020					
Total comprehensive income for the year	—	—	(34,810)	251,707	216,897
Equity-settled share-based transactions *(note 20)*	—	872	—	—	872
Purchase of own shares	—	—	—	(18,125)	(18,125)
Dividends paid to equity shareholders of the Company *(note 22(b))*	—	—	—	(10,702)	(10,702)
Balance at 31 December 2020 and 1 January 2021	**510,981**	**31,211**	**(28,963)**	**150,431**	**663,660**
Changes in equity for 2021					
Total comprehensive income for the year	**—**	**—**	**(20,756)**	**178,848**	**158,092**
Equity-settled share-based transactions *(note 20)*	**—**	**226**	**—**	**—**	**226**
Purchase of own shares	**—**	**—**	**—**	**(6,031)**	**(6,031)**
Dividends paid to equity shareholders of the Company *(note 22(b))*	**—**	**—**	**—**	**(34,787)**	**(34,787)**
Balance at 31 December 2021	**510,981**	**31,437**	**(49,719)**	**288,461**	**781,160**

22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

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

	2021 ***RMB'000***	2020 *RMB'000*
Final dividend proposed after the end of the reporting period of HKD4.00 cents (equivalent to approximately RMB3.23 cents) (2020: HKD9.00 cents (equivalent to approximately RMB7.55 cents)) per share	**14,911**	35,216

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

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

	2021 ***RMB'000***	2020 *RMB'000*
Dividends approved and paid to equity shareholders of the Company during the year	**34,787**	10,702

(c) Share capital

(i) Issued share capital

	2021		2020	
	No. of ordinary shares	***HKD***	No. of ordinary shares	*HKD*
Ordinary shares, issued and fully paid:				
At 1 January	**468,567,370**	**581,930,830**	490,712,370	581,930,830
Shares repurchased and cancelled	**(6,932,000)**	**—**	(22,145,000)	—
At 31 December	**461,635,370**	**581,930,830**	468,567,370	581,930,830
RMB equivalent		**510,981,107**		510,981,107

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

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

22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (Continued)

(ii) Purchase of own shares

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of Shares repurchased	Highest price paid per share *HKD*	Lowest price paid per share *HKD*	Aggregate price paid *HKD'000*	Equivalent to *RMB'000*
January 2021	1,964,000	0.95	0.91	1,843	1,540
April 2021	2,754,000	1.10	1.06	3,018	2,533
May 2021	10,000	1.10	1.10	14	12
July 2021	2,036,000	1.16	1.10	2,337	1,946
				7,212	6,031

The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of HKD7,212 thousand (equivalent to approximately RMB6,031 thousand) was paid wholly out of retained profits.

(iii) Shares issued under share option scheme

Each option entitles the holder to subscribe for one ordinary share of the Company. In the year of 2021, no options were exercised to subscribe for ordinary shares of the Company. Further details of these options are set out in note 20 to the financial statements.

At 31 December 2021, there were 17,392,000 unexercised post-IPO share options (2020: 18,492,000).

22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

(i) Capital reserve

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

(ii) Statutory reserve

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

(iii) Translation reserve

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

(iv) Other reserves

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

(e) Capital management

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

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

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

(a) Credit risk

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

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

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 10.48% (2020: 1.10%) and 10.48% (2020: 1.10%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

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

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's exposure to credit risk arising from some customers has expanded, trade receivables of RMB128,031 thousand was impaired, of which RMB1,280 thousand was impaired in 2021.

Apart from above situations, the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

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

(a) Credit risk (Continued)

***Trade receivables** (Continued)*

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

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

	2020 Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Collectively evaluated customers			
Current (not past due)	0.76%	57,830	(441)
0–3 months past due	1.71%	16,774	(288)
3–9 months past due	3.93%	8,023	(403)
9–21 months past due	16.39%	122	(20)
21–33 months past due	45.12%	82	(37)
More than 33 months past due	100.00%	8,747	(8,747)
		91,578	(9,936)
Individually evaluated customers	100.00%	116,815	(116,815)
Bills receivable	0%	1,055	—
		209,448	(126,751)

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

(a) Credit risk (Continued)

Trade receivables *(Continued)*

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

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

	2021 *RMB'000*	2020 *RMB'000*
Balance at 1 January	**126,751**	98,165
Impairment losses recognised during the year	**1,280**	36,500
Amounts arise from written off the subsidiaries	**—**	(7,914)
Balance at 31 December	**128,031**	126,751

The following significant changes in the gross carrying amounts of trade and bills receivables contributed to the increase in the loss allowance during 2021:

— increase in amounts past due resulted in an increase in loss allowance of RMB1,280 thousand.

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

(b) Liquidity risk

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

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

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

	2020 Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*	Carrying amount *RMB'000*
Lease liabilities	1,280	1,334	1,241	–	3,855	3,580
Trade and other payables	92,189	–	–	–	92,189	92,189

(c) Currency risk

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

(i) Hedges of foreign currency risk in forecast transactions

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

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

(c) Currency risk (Continued)

(ii) Recognised assets and liabilities

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

(iii) Exposure to currency risk

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

	2021 *RMB'000*	2020 *RMB'000*
Trade and other receivables		
— in HKD	**352**	212
— in SGD	**9**	79
— Cash and cash equivalents		
— in USD	**133,869**	970
— in AUD	**6**	6
— in SGD	**7,385**	7,936
— in HKD	**188,910**	202,245
— in CAD	**3,454**	3,479
— in CHF	**164**	174
Trade and other payables		
— in HKD	**(8,153)**	(5,406)
— in SGD	**(56)**	(77)
Gross exposure	**325,940**	209,618

(Expressed in Renminbi unless otherwise indicated)

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

(c) Currency risk (Continued)

(iii) Exposure to currency risk (Continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	**2021**	2020
HKD	**0.8296**	0.8687	**0.8176**	0.8416
USD	**6.4503**	6.7506	**6.3757**	6.5249
AUD	**4.8192**	4.9503	**4.6220**	5.0163
EUR	**7.6224**	7.9202	**7.2197**	8.0250
SGD	**4.8247**	5.0527	**4.7179**	4.9314
CAD	**5.0604**	5.2291	**5.0046**	5.1161
CHF	**7.1891**	7.3017	**6.9776**	7.4006

(iv) Sensitivity analysis

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

	2021		2020	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained earnings**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
USD	**10%**	**13,387**	10%	97
	–10%	**(13,387)**	–10%	(97)
AUD	**10%**	**1**	10%	1
	–10%	**(1)**	–10%	(1)
EUR	**10%**	**—**	10%	—
	–10%	**—**	–10%	—
HKD	**10%**	**18,111**	10%	19,705
	–10%	**(18,111)**	–10%	(19,705)
SGD	**10%**	**734**	10%	794
	–10%	**(734)**	–10%	(794)
CAD	**10%**	**345**	10%	348
	–10%	**(345)**	–10%	(348)
CHF	**10%**	**16**	10%	17
	–10%	**(16)**	–10%	(17)

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

(c) Currency risk (Continued)

(iv) Sensitivity analysis (Continued)

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of reporting period, including inter-group payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2020.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

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

(d) Fair value measurement (Continued)

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

Fair value hierarchy (Continued)

The Group	Fair value at 31 December 2021 RMB'000	Fair value measurement as at 31 December 2021 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Asset				
Listed securities	**34,579**	**34,579**	**–**	**–**
Equity securities not held for trading	**179,174**	**–**	**–**	**179,174**

The Group	Fair value at 31 December 2020 RMB'000	Fair value measurement as at 31 December 2020 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Asset				
Listed securities	81,425	81,425	–	–
Equity securities not held for trading	122,000	–	–	122,000

During the year ended 2021 and 2020, there were no transfer between instruments in Level 1 and Level 2, or transfer into or out of Level 3.

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2021 and 2020.

24 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

	2021 *RMB'000*	2020 *RMB'000*
Short-term employee benefits	**9,048**	6,844
Equity-settled share-based transactions	**75**	235
	9,123	7,079

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

(b) Transactions with related parties

	Note	2021 *RMB'000*	2020 *RMB'000*
Rental of office and equipment	*(i)*	**757**	722
Service provided to an associate	*(ii)*	**360**	20,788
Service provided by an associate		**—**	72

Notes:

(i) CTV Golden Bridge International Media Group Company Limited, a subsidiary of the Company, rented an office and equipment from Shanghai CTV Golden Bridge International Culture and Communication Group Limited, which was effectively controlled by the ultimate controlling shareholder of the Group for the period from 1 January 2021 to 31 December 2021 at a price of RMB757 thousand per annum. The amount of rent charged under the lease was determined with reference to amounts charged by Shanghai CTV Golden Bridge International Culture and Communication Group Limited to third parties.

(i) CTV Golden Bridge International Document Time Company Limited is an associate of the Group. The Group provided placement of television advertisements to this associate.

(c) Outstanding balance with related parties

	2021 *RMB'000*	2020 *RMB'000*
Trade and other receivables		
— Beijing Shiyiyuan Film Company Limited	**—**	106
Trade and other payables		
— Beijing Shiyiyuan Film Company Limited	**—**	104

25 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2021 *RMB'000*	2020 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**1,036**	1,642
Investments in subsidiaries	**251,758**	258,940
Other financial asset	**34,579**	81,425
	287,373	342,007
CURRENT ASSETS		
Trade and other receivables	**200,167**	106,175
Time deposits with original maturity over three months	**—**	53,023
Cash and cash equivalents	**320,525**	201,804
	520,692	361,002
CURRENT LIABILITIES		
Trade and other payables	**22,665**	23,233
Income tax	**—**	4,511
Lease liabilities	**583**	519
	23,248	28,263
NET CURRENT ASSETS	**497,444**	332,739
TOTAL ASSETS LESS CURRENT LIABILITIES	**784,817**	674,746
NON-CURRENT LIABILITIES		
Lease liabilities	**522**	1,137
Deferred tax liabilities	**3,135**	9,949
NET ASSETS	**781,160**	663,660
CAPITAL AND RESERVES		
Share capital	**510,981**	510,981
Reserves	**270,179**	152,679
TOTAL EQUITY	**781,160**	663,660

Approved and authorised for issue by the board of directors on 29 March 2022.

Chen Xin
Chairman

Li Zongzhou
Director

26 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 22(b).

27 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2021, the directors consider the immediate parent and the ultimate holding Company of the Group to be Golden Bridge International Culture Limited and CLH Holding Limited respectively, both of which are incorporated in Cayman Islands. These two entities do not produce financial statements available for public use.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these financial statements, the IASB/HKICPA has issued a number of amendments and a new standard, IFRS/HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS/HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS/HKAS 16, Property, *Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS/HKAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023
IRFS/HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS/HKAS 1 and IFRS/HKFRS Practice Statement 2, *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS/HKAS 8, *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS/HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS/HKFRS 10 and IAS/HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	*Note 1*

Note 1: On 17 December 2015, the IASB has deferred the effective date of its previously issued narrow-scope amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture, by removing the original effective date of 1 January 2016 and indicating that a new effective date will be determined at a future date.

The reason for deferring the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

Five Year Financial Summary

(Expressed in Renminbi)

	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
RESULTS					
Revenue	**1,183,473**	1,175,947	1,496,813	1,615,704	1,472,698
Profit from operations	**40,625**	125,385	37,119	101,397	138,441
Net Finance income	**14,171**	14,182	14,719	16,617	6,507
Share of profits less losses of associates and joint ventures	**(216)**	—	—	—	—
Profit before taxation	**54,580**	139,567	51,838	118,014	144,948
Income tax	**(18,305)**	(52,259)	(24,476)	(37,085)	(54,662)
Profit for the year	**36,275**	87,308	27,362	80,929	90,286
Attributable to:					
Equity shareholders of the Company	**37,078**	87,213	26,403	82,127	93,042
Non-controlling interests	**(803)**	95	959	(1,198)	(2,756)
Profit for the year	**36,275**	87,308	27,362	80,929	90,286
ASSETS AND LIABILITIES					
Property, plant and equipment	**211,162**	219,620	224,944	229,738	239,256
Investment property	**547,007**	562,511	580,859	576,684	589,110
Intangible assets	**4,194**	5,654	16,399	22,399	24,902
Goodwill	**—**	—	6,002	6,002	6,002
Interest in associates	**—**	—	4,362	—	—
Trade and other receivables	**—**	—	1,587	865	865
Other non-current financial assets	**213,753**	203,425	195,172	—	—
Net current assets	**695,703**	647,953	551,778	753,666	715,303
Total assets less current liabilities	**1,671,819**	1,639,163	1,581,103	1,589,354	1,575,438
Deferred tax liabilities	**13,105**	14,934	5,708	—	—
Other non-current liabilities	**1,191**	2,448	—	—	—
NET ASSETS	**1,657,523**	1,621,781	1,575,395	1,589,354	1,575,438
CAPITAL AND RESERVES					
Share capital	**510,981**	510,981	510,981	510,981	510,981
Reserves	**1,154,513**	1,117,368	1,070,462	1,085,380	1,068,777
Total equity attributable to equity shareholders of the Company	**1,665,494**	1,628,349	1,581,443	1,596,361	1,579,758
Non-controlling interests	**(7,971)**	(6,568)	(6,048)	(7,007)	(4,320)
TOTAL EQUITY	**1,657,523**	1,621,781	1,575,395	1,589,354	1,575,438
EARNINGS PER SHARE					
Basic earnings per share (RMB)	**0.080**	0.181	0.054	0.162	0.177
Diluted earnings per share (RMB)	**0.080**	0.181	0.054	0.162	0.177

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

(incorporated in Hong Kong with limited liability)

（於香港註冊成立之有限公司）