

[For Immediate Release]



2019 ANNUAL RESULTS ANNOUNCEMENT

Continuous Adjustment to TV Advertising Business Constant Strengthening of Creative Communication Capability

FINANCIAL SUMMARY

<i>(RMB '000 unless otherwise specified)</i>	For the year ended 31 December		
	2019	2018	Change
Revenue	1,496,813	1,615,704	-7%
Profit from operations	37,119	101,397	-63%
Profit attributable to equity shareholders of the Company	26,403	82,127	-68%
Earnings per share — Basic and Diluted (RMB)	5.4 cents	16.2 cents	-67%
Proposed final dividends per share (HKD)	2.41 cents	7.71 cents	-69%

(27 March 2020 — Hong Kong) The leading media operation group of China, SinoMedia Holding Limited (“SinoMedia” or the “Company”, together with its subsidiaries, collectively, the “Group”, stock code: 623) announces its annual results for the year ended 31 December 2019. In 2019, the overall advertising market sentiments continued to be weak and the operating environment was full of challenges. The advertising expenses of all media in 2019 shrank 3.1% from a year ago, of which, the advertising expenses in traditional media has gradually narrowed after a significant decline in the first quarter, but the overall advertising market is still in a downward trend as compared with the same period last year, based on the market study released by CTR Media Intelligence.

The Group continued to promote the strategy of providing inter-screen creative communication services as the core, and recorded an operating revenue of approximately RMB1.50 billion, dropped by 7% as compared with the same period last year. The development of business segments within the Group diverged, revenue from segments such as integrated communication services, content operations, digital marketing and rental has increased as compared with the same period last year. Revenue and gross profit recorded from TV media resources management declined as compared with the same period last year, due to the cautious advertising spending of certain clients affected by the weak advertising market.

During the year, the revenue of the Group recorded from TV media resources management was RMB1.25 billion, representing a year-on-year decrease of 11%. Of which, revenue in the first half of 2019 recorded a significant decrease. In the face of market pressure and challenges, the Group actively developed new clients while retaining existing high quality clients in the second half of the year, which resulted in a recovery of revenue in the second half of the year and the decline of revenue in the whole year narrowed.

Revenue recorded from integrated communication services and content operations was RMB94.4 million

in total, representing an increase of 15% as compared with the same period last year. During the year, the Group continued to provide brand information, advertising placement, promotion planning, public relation activities, graphic design, shooting and production and other multi-dimensional services to clients of many brands. Meanwhile, the Group launched R&D management and creative communication business around series program creation, IP creation and other contents, providing tailor-made creative content and communication solutions for clients by program planning, proposal formulation, animation development, on-site execution, etc..

Revenue recorded from digital marketing and internet media was RMB98.4 million in total, representing a year-on-year increase of 13%. Of which, the Group's self-developed intelligent programming advertising placement platform as well as the video media www.boosj.com (播視網) and the agricultural information platform www.wugu.com.cn (吾谷網) ran well, which constantly intensifies the inter-screen accurate communication service and the operating capacity.

In response to market changes and operating pressure, the Group implemented a number of measures to reduce operating expenses and maintain a sound financial condition. As at 31 December 2019, the Group's cash and bank deposits balance amounted to RMB610 million, and the total assets and net assets were RMB1.97 billion and RMB1.58 billion respectively.

When mentioning future development, Mr. Chen Xin, the Chairman of the Group, expressed that: "looking forward to 2020, as affected by the outbreak of novel coronavirus and many uncertainties outside, the operating and development of the overall advertising industry has suffered from huge pressure. The Group has made all out effort to cope with the situation and tried to minimize the impact; meanwhile, we will continue to maintain confidence in the mid-and-long term market prosperity and development.

In 2020, the Group will continue to strengthen the core competitiveness of creative communication to improve its operating efficiency. In terms of TV media resources management, the Group will adhere to the client-oriented product and service strategies, and increase the brand value of clients based on the features and policies in different industries by using the efficient communication of TV advertising. The Group will proactively seek for industrial cooperation opportunities by integrating its experiences and capabilities in video content creativity and brand communication. By conducting IP-oriented R&D, investment and operation, the Group will deeply involve in the industrial operation for IP management, expand the brand development space of the consumer goods and culture and tourism market, so as to lay a foundation for the medium and long-term business development of the Group."

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About SinoMedia

SinoMedia was established in 1999 and listed on the Main Board of the Hong Kong Stock Exchange in 2008. As the leading media operation group in China, SinoMedia 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 "three screens" among television, computer and mobile. The Group currently owns business segments including CCTV's advertising agency business,

brand integrated communication, film and television program investment and production, and internet precision marketing. It is an early pioneer in China's city image and tourism brand creative communication field and has remained a leader in that field for many years. It is also one of the leaders in brand advertising services for industries such as finance and insurance, automobiles and consumer goods. In 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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