

[Immediate Release]



2022 Interim Results Announcement

Impact of the pandemic on business revenue Financial position turning from profit to loss

Financial Summary

<i>(In RMB thousands unless otherwise stated)</i>	For the year ended 30 June		
	2022	2021	Change (%)
Revenue	352,731	603,029	-42%
(Loss)/Profit from operations	(30,747)	58,934	-152%
(Loss)/Profit attributable to equity shareholders of the Company	(22,441)	40,662	-155%
(Loss)/Earnings per share- Basic and Diluted	(4.8 cents)	8.7 cents	-155%

(29 August 2022 - Hong Kong) SinoMedia Holding Limited (“SinoMedia” or the “Company”) and its subsidiaries (collectively the “Group”) (stock code: 00623) announced its interim results for the six months ended 30 June 2022. The Group's overall operating loss for the period was RMB30.7 million, of which the loss attributable to equity shareholders of the Company was RMB22.4 million.

In the first half of 2022, the sporadic COVID-19 resurgences hammered the advertising market and frustrated the demand and consumer confidence. As a result, advertisers became more cautious in their advertising spending, which had a negative impact on the Group's business operations. According to the market research report published by CTR Media Intelligence, the advertising market expenditure dropped 11.8% year on year in the first half of 2022, of which TV advertising placement dipped by 14.7% year on year. Affected by the pandemic and under the market pressure from the economic downturn, the Group optimized its media resources and adjusted its business structure in a timely manner during the period under review, and took measures to control costs and expenses.

For the period under review, the revenue from TV media resources management amounted to RMB210 million, representing a year-on-year decrease of 54%. The Group appropriately controlled the cost of scale and ceased to have the exclusive underwriting right for the advertising resources on “News 30” (新聞30分) on CCTV-1 (General)/CCTV-News, to balance the risks and opportunities in the advertising market. Due to the impact of the pandemic and weak consumer demand, certain clients reduced their advertising spending or suspended their placement plans, among which, the advertising placement of travel clients declined significantly compared to the same period last year. In the face of operating pressure and challenges, the Group will endeavor to explore new client resources, tide over market difficulties, and strengthen its client development and service capabilities, striving to stabilize sales revenue in the second half of the year.

The revenue from content operations and other integrated communication services amounted to RMB51.7

million, representing a year-on-year increase of 25%. For the period under review, focusing on the marketing positioning of “parent-child companionship and leading consumption”, the Company customized creative video programs and realized the brand communication value for clients through live streaming interactions, video clips, content imbedding, program planning, animation development, promotional campaigns and other forms. The revenue from content operations dropped 42% year on year, impacted by longer production and acceptance closeout cycles due to the pandemic. The revenue from other integrated communication services increased by 139% year on year due to the impact of the commission settlement cycle of media providers.

The revenue from digital marketing and Internet media amounted to RMB59.6 million in aggregate, representing a year-on-year decrease of 8%. The Group enhanced its Internet integration service capability through big data and precision placement technology, providing customers with one-stop digital marketing solutions such as IP customization, identity authorization and promotion. The revenue from the Group's digital marketing and Internet media decreased compared to the same period last year due to weak market demand and less advertising placement in the first half of the year.

The Group continued strengthening the overall budgetary management of operating expenses by reducing non-essential expenses and implementing cost reduction and efficiency measures. Thanks to these efforts, the operational efficiency was improved, and operating expenses decreased by 4% year on year. As at 30 June 2022, the Group's overall financial position was stable. The cash and bank balances amounted to RMB840 million, and total assets and net assets amounted to RMB1.94 billion and RMB1.64 billion respectively.

Talking about the future development, Mr. Chen Xin, Chairman of the Group, expressed that “as a leading integrated media operation group in China, the Group will consolidate its strengths, cement its core competencies in creative communications and brand strategies, and enhance the synergies among its business segments, to address the downward market impact and operational challenges from the pandemic resurgences. Specifically, adhering to a customer-oriented product and service strategy, the Group will optimize media resources and moderately control scale costs. It will enhance customers' brand value by providing one-stop solutions for brand positioning, visual creativity, communication strategy, media execution, and effect evaluation. By leveraging its experience and capabilities in creative video content and brand communication, the Group will continue to develop its content marketing business with the development and production of video content as its core, to promote the in-depth integration of brand and creative content. By combining the resources of integrated media communication, the Group will be able to enhance the placement effectiveness and brand influence of the clients on the Internet through our expertise in precision communication. At the same time, the Group will stay focused on the industry chain of parent-child family consumption. Through brand investment and brand operation management business, the Group will speed up market expansion into the consumer sector, promote business structure optimization, and continue cultivating growth points, to further accumulate the long-term value of the Group.”

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About SinoMedia

SinoMedia Holding Limited (“SinoMedia”) was founded in 1999 and listed on the Main Board of the Hong Kong Stock Exchange in 2008. SinoMedia 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 the 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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