

[INSTANT RELEASE]



INTERIM RESULTS ANNOUNCEMENT FOR 2019

Pressure on TV Advertising Business Continuous Intensification of Creative Communication

FINANCIAL SUMMARY

<i>(Unless otherwise stated, in RMB'000)</i>	For the six months ended 30 June		
	2019	2018	Change
Revenue	656,714	819,066	-20%
(Loss) / profit from operations	(105,059)	67,898	-255%
(Loss) / profit attributable to equity shareholders of the Company	(96,792)	41,882	-331%
(Losses) / earnings per share (RMB) — Basic and diluted	(0.196)	0.082	-339%

(21 August 2019—Hong Kong) SinoMedia Holding Limited (“SinoMedia” or the “Company”, together with its subsidiaries, the “Group”, stock code: 623), a leading media operation group in China, announces its interim results for the six months ended 30 June 2019. The overall advertising market sentiments continued to be weak and the operating environment was full of challenges in the first half of 2019. The advertising expenses of all media in the first half of 2019 shrank 8.8% from a year ago, of which advertising expenses in traditional media has dropped by 12.8% as compared with the same period last year, based on the market study released by CTR Media Intelligence. The decline in advertising expenses in traditional media has gradually narrowed in the second quarter, but the overall advertising market is still in a downward trend as compared with the same period last year.

The Group continued to promote the strategy of providing inter-screen creative communication services as the core, and recorded operating revenue of RMB660 million during the period under review, representing a year-on-year decrease of 20%, the loss attributable to equity shareholders of the Company was approximately RMB97 million, and the losses per share was RMB19.6 cents. The development of business segments within the Group diverged, revenue from segments of integrated communication services, digital marketing and rental has increased as compared with the same period last year. Revenue and gross profit of TV media resources management for the first half of the year declined significantly from a year ago, due to the cautious advertising spending of certain clients affected by the sluggish advertising market.

During the period under review, revenue recorded from TV media resources management was approximately RMB530 million, representing a year-on-year decrease of 28%. In the face of challenges, the Group’s marketing team will strive to improve its annual performance by actively developing new clients while retaining existing high quality clients. Revenue recorded from integrated communication services and content operations was approximately RMB51 million in total, representing a year-on-year

increase of 54%. During the period under review, the Group continued to provide brand information, advertising placement, promotion planning, public relation activities, graphic design, video shooting and production and other multi-dimensional services to a number of well-known clients, and provide clients with tailor-made creative content and communication solutions. Meanwhile, the Group launched R&D management and creative communication business around series program creation, animation IP creation and other contents. In addition, revenue recorded from digital marketing and Internet media was approximately RMB56 million in total, representing a year-on-year increase of 65%. Of which, the self-developed intelligent programming advertising placement platform of the Group and the Group's video media, www.boosj.com, both enjoyed stable operation, which constantly enhanced the inter-screen precision communication services and operating capabilities.

In response to the market changes and operational pressures, the Group implemented a number of measures to reduce operating expenses and maintained a stable financial position. As at 30 June 2019, cash and bank balances of the Group amounted to approximately RMB600 million, and its total assets and net assets were approximately RMB1.87 billion and RMB1.45 billion respectively.

Regarding future developments, Mr. Chen Xin, the Chairman of the Group, stated that: "The business operation of the overall advertising industry will still face with enormous challenges in 2019 under the influence of numerous uncertainties in the external environment. However, the Group always has confidence in and good expectation to the medium and long term market prosperity. Looking forward to the future, the Group will continue to strengthen the core competitiveness of creative communication and improve operating efficiency. In terms of TV media resources management, the Group will adhere to the client-oriented strategies for products and services, and by reference to the features and policies in different industries, improve clients' brand value through the efficient communication of TV advertising. Meanwhile, 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, it will deeply involve in industrial operation of IP management, expand the brand development space of 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 founded in 1999 and listed on the Main Board of the Hong Kong Stock Exchange in 2008. As a leading media operation group in China, SinoMedia focuses on conducting cross-media investment and operation with video creative communication as its core capabilities, 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 sections 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 of finance and insurance, automobiles and consumer goods. In the past 20 years, SinoMedia has provided comprehensive and professional creative communication services to over 3,000 clients in total at home and abroad.

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