

For immediate release



Announcement of Interim Results for 2020

Content Creation Ability Enhanced Business Structure Continuously Optimized

FINANCIAL SUMMARY

<i>(In RMB thousand, unless otherwise specified)</i>	For the six months ended June 30		
	2020	2019	Year-on-year growth
Revenue	542,545	656,714	-17%
Profit/(loss) from operations	31,279	(105,059)	>100%
Profit/(loss) attributable to equity shareholders of the Company	12,318	(96,792)	>100%
Earnings/(loss) per share— Basic and Diluted	2.5 cents	(19.6) cents	>100%

(28 August 2020 - Hong Kong) SinoMedia Holding Limited (the “SinoMedia” or “Company”, collectively referred to as "the Group" together with its subsidiaries, stock code: 623), a leading media operation group in China, announced its interim results for the six months ended 30 June 2020.

In the first half of 2020, the Group continued to promote the strategic direction with cross-screen creative communication services as the core, and achieved an operating income of about RMB 540 million, down 17% year-on-year. Due to the impact of COVID-19, the overall advertising market showed a significant decline. The advertising expenses of convergent media in March 2020 shrank 34.6% from a year ago, and dropped by 12.6% in June 2020 as compared with the same period last year, due to the impact of the epidemic, based on the market study report released by CTR Media Intelligence. With the stable control of the epidemic in China and the full resumption of work and production, the advertising market has gradually turned for the better, but the impact of the epidemic continues and the overall growth is still negative.

During the period under review, revenue recorded from TV media resources management of the Group was RMB 440 million, representing a decrease of 17% from the same period last year. Advertisers adopted a more cautious and shrinking approach to advertising under the impact of the epidemic and the continued weakness of the overall advertising market, resulting in the significant decline in the advertising placement of clients from tourism, healthcare, finance and insurance as compared with the same period last year. Facing the market environment severely impacted by the epidemic, the Group overcame the difficulties and continued to strengthen the capability of developing and serving clients in the area of TV advertisement marketing and improve the competitiveness through innovating marketing strategy and media product portfolios. Sales are expected to improve and recover as the impact of the epidemic wanes.

Revenue recorded from integrated communication services and content operations was RMB27.2 million in total, representing a decrease of 46% from the same period last year. Among them, integrated communication services revenue was affected by the media suppliers' commission settlement cycle, with a year-on-year decline of 54%. Revenue from content operations increased by 81% year on year. During the period under review, centering on the core marketing positioning of "Parent-Child companionship", the Group focused on building the "Parent-child brand Plan". Through the integrated application of new products such as live broadcast programs, short videos and integrated media interaction, the Group provided customized creative content and communication programs for customers. By organizing the new media matrix around the Group's media resources and actively exploring the cooperation space between the upstream and downstream of the industry chain, the Group's revenue increased considerably compared with the same period last year.

Revenue recorded from digital marketing and Internet media was RMB51.9 million in total, representing a decrease of 7% from the same period last year. The intelligent programmed advertising platform independently developed by the Group operated well, continuously strengthening the service and operation ability of cross-screen accurate communication, and maintaining stable advertising services for high-quality customers during the period under review. Network media income scale was slightly down compared to the same period last year.

To cope with the market environment change and operating pressure brought by the epidemic, on the premise of resolutely responding to the government's call and ensuring the basic stability of employees' employment positions, the Group implemented a number of measures to reduce operating expenses, and achieved the growth of investment income and office rental income, maintaining a sound financial position. As at 30 June 2020, the Group recorded an increase in cash and bank deposits compared with the same period last year, and the total assets and net assets amounted to approximately RMB 1.90 billion and 1.57 billion respectively.

When talking about future development, Mr. Chen Xin, chairman of the Group, said, "Under the impact of COVID-19 and the uncertainties of the external environment, the business development of the whole advertising industry continues to face great pressure. In the face of challenges, the Group has been fully prepared to minimize the impact of shocks. Specifically, the Group will continue to strengthen the core competitiveness of creative communication. 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 individualities of and policies on each industry by using the efficient communication of TV advertising. The Group will further give play to its experience and capacity in video content creation and brand communication, actively seek industrial cooperation opportunities, expand the brand communication space of consumer goods and cultural travel market, and accelerate the continuous optimization and development of the medium and long term business structure. In addition, the Group will continue to implement a number of measures to increase revenue and reduce expenditure, improve operation efficiency, and make preparations for addressing short-term market challenges and capturing future development opportunities."

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Profile of 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 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 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 such as finance and insurance, automobiles and consumer goods. In the past over 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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