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Ruicheng (China) Media Group Limited
瑞誠(中國)傳媒集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1640)

PROFIT WARNING

This announcement is made by Ruicheng (China) Media Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available to the Board for the six-month period ended 30 June 2022 (the “**Period**”), the Group expects to record a decrease in net profit of over 50% as compared to the six-month period ended 30 June 2021.

The decrease in net profit for the Period is mainly attributable to:

- (i) The continuous outbreak of the novel coronavirus (“**COVID-19**”) in the People’s Republic of China (the “**PRC**”) hindered, the demand for outdoor advertising services in several major economic cities in Northern China, Guangzhou and Shenzhen during the first half year of 2022, clients reduced or postponed their placements. This resulted in media projects with higher profit margins (outdoor and lift advertising services) in the abovementioned areas being severely affected. Further, the effects of outdoor media were not as expected after the outbreak of COVID-19. Our clients requested higher quality of advertising services to be provided. In this situation, we entered into certain consultation agreements with agencies for improvement of quality of traditional media, thus increasing service costs and reducing the gross profit margin of the Group; and
- (ii) The popularity of digital and outdoor advertising, led to a significant decline in the Group’s revenue from other advertising services.

The information contained in this announcement is only based on the preliminary assessment of the consolidated management accounts of the Group and the information currently available to the Board for the Period, which have neither been reviewed nor audited by the Company's auditor nor have they been reviewed by the audit committee of the Company. The Group is still in the process of finalizing the interim results of the Group and therefore the actual results may differ from the information set out in this announcement. Details of the Group's interim results for the Period are expected to be published by late August 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Ruicheng (China) Media Group Limited
Wang Xin
Chairlady and Executive Director

Beijing, the PRC, 16 August 2022

As at the date of this announcement, the executive Directors are Ms. Wang Xin, Ms. Li Na and Mr. Leng Xuejun, and the independent non-executive Directors are Mr. Wu Ke, Mr. Li Xue and Mr. How Sze Ming.