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## **XINHUA NEWS MEDIA HOLDINGS LIMITED**

**新華通訊頻媒控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 309)**

### **VOLUNTARY ANNOUNCEMENT AND UPDATE ON RESIGNATION OF AUDITOR**

#### **SUBSEQUENT DEVELOPMENT IN THE DISPOSAL OF PAN ASIA CENTURY HOLDINGS LIMITED**

Reference is made to the announcements of Xinhua News Media Holdings Limited (the “**Company**”) dated 29 August 2012 and 30 August 2012 regarding the acquisition of the entire issued share capital of Pan Asia Century Holdings Limited and the announcements of the Company dated 31 March 2014, 24 April 2014 and 28 April 2014 regarding disposal of Pan Asia Century Holdings Limited. The Company hereby provides further details regarding the development and chronology in obtaining the financial information of Pan Asia Century Holdings Limited and its subsidiaries and the legal action taken by the Company in the People’s Republic of China (“**PRC**”) in this regard.

Following the disposal of Pan Asia Century Holdings Limited and its subsidiaries on 24 March 2014, the then board of directors (the “**Board**”) of the Company made several attempts to contact Shanghai GoalReal Investments Advisory Company Limited (“**Shanghai GoalReal**”)’s personnel but to no avail. After that, the Company together with Mr. Lin Feng, tried to resolve the matter by legal means. Pan Asia Century Investment Limited initiated the legal proceedings as the plaintiff, acting as the substantial shareholder of Shanghai GoalReal to demand Shanghai GoalReal to provide all necessary information including but not limited to all financial reports, financial accounts, books and records and board minutes from the directors of Shanghai GoalReal and from the legal representative of Shanghai GoalReal.

The case was brought to the Shanghai PuDong New District's People's Court on 29 May 2014 and first heard on 17 July 2014. On 18 July 2014, a demand letter was issued followed by a public announcement made by Shanghai PuDong New District's People's Court. In the said public announcement, it stated that the court documents could not be served to Shanghai GoalReal, contained the claims made by the plaintiff and the relevant time for the proposed hearing. The case was last scheduled to be heard in Shanghai PuDong New District People's Court on 2 February 2015. However, all the documents in relation to the proceeding could not be served on Shanghai GoalReal's registered office. Although the Court subsequently granted an order to the Company to obtain the books and records from Shanghai GoalReal, the Company could not enforce the order to obtain the same as Shanghai GoalReal was no longer situated in the jurisdiction. In light of the circumstances, the Company decided to stop pursuing the case.

## **SUBSEQUENT DEVELOPMENT IN THE STATUS OF RECEIVABLES FROM XIANGXING**

Reference is made to the announcements of the Company dated 3 March 2014 and 4 June 2014 and the annual report of the Company for the year ended 31 March 2016. As stated in the said annual report of the Company, the consideration of HK\$30 million for the provision of advertisement broadcasting services was fully impaired.

Subsequent to refusal on payment of consideration by Xiangxing (Fujian) Bag & Luggage Group Company Limited (“**Xiangxing**”), the Board subsequently made several attempts to recover the amount by negotiating with the representative of Xiangxing. Besides, the Company obtained legal opinion on the cost and possibility for obtaining a judgment against Xiangxing to recover the receivables. However, the Company was advised that the chance for obtaining a judgment through arbitration was low and the damages to be obtained would be nominal as the Company did not provide any service to Xiangxing despite their failing to provide any marketing material. As such, after the discussion with the legal adviser and the then auditors of the Company, the Board decided to fully write off the consideration and such was reflected in the said annual report of the Company.

Despite of the aforesaid, the Company recognised the revenue based on the service agreement signed between the two parties as it had reserved the relevant timeslot for Xiangxing and the revenue recognition of the service agreement was consistent with the Company's accounting policy. At the material time, it could not reasonably foresee that Xiangxing would not honour the repayment obligation and there was no special circumstance which would cause the Company not recognising the revenue under the said agreement.

## **SUBSEQUENT DEVELOPMENT IN THE STATUS OF RECOVERING THE LIQUIDATED DAMAGES FROM XINHUA NEWS AGENCY ASIA-PACIFIC REGIONAL BUREAU LIMITED**

Reference is made to the announcement of the Company dated 20 July 2016 in relation to, among other things, the liquidated damages of HK\$16,800,000 (the “**Liquidated Damages**”) to be paid by Xinhua News Agency Asia-Pacific Regional Bureau Limited pursuant to the remedial agreement dated 15 July 2014.

In March 2018, Xinhua News Agency Asia-Pacific Regional Bureau Limited has given an undertaking to the Company to repay the Liquidated Damages pursuant to which Xinhua News Agency Asia-Pacific Regional Bureau Limited shall repay to the Company not less than HK\$3,000,000 every two months commencing from March 2018. As at the date of this announcement, the Company has received HK\$7,200,000 from Xinhua News Agency Asia-Pacific Regional Bureau Limited.

## **UPDATE ON RESIGNATION OF AUDITOR**

Reference is made to the poll results announcement of the Company dated 29 September 2017 in relation to, among other things, retirement of HLB Hodgson Impey Cheng Limited (“**HLB**”) as auditor of the Company. It was stated in the said announcement that the Board was in the course of seeking confirmation of HLB in this regard and would make further announcement in due course.

The Company would like to inform the shareholders and potential investors that, in April 2018, the Company has obtained confirmation from HLB which it confirmed that there is no circumstance connected with their retirement which should be brought to the notice of the members of the Company.

By order of the Board  
**Xinhua News Media Holdings Limited**  
**David Wei Ji**  
*Executive Director*

Hong Kong, 23 July 2018

*As at the date of this announcement, the board of directors of the Company comprises six executive directors, namely, Mr. Lo Kou Hong, Mr. Chan Chun Wo, Mr. David Wei Ji, Mr. Huang Wen Kai, Ms. Chen Ming and Mr. Li Bing; and four independent non-executive directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon, Mr. Ho Hin Yip and Ms. Lee Suen.*