SinoMedia®

# SINOMEDIA HOLDING LIMITED
# 中 視 金 橋 國 際 傳 媒 控 股 有 限 公 司

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 623)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

## FINANCIAL SUMMARY

| *RMB'000* | **For the year ended 31 December 2017** | For the year ended 31 December 2016 | Change (%) |
|---|---|---|---|
| **Revenue** | **1,472,698** | 1,299,289 | +13% |
| **Profit/(Loss) from operations** | **138,441** | (31,051) | >100% |
| **Profit/(Loss) attributable to equity shareholders of the Company** | **93,042** | (27,066) | >100% |
| **Earnings/(Losses) per share *(RMB)*** | | | |
| — Basic | **0.177** | (0.050) | >100% |
| — Diluted | **0.177** | (0.050) | >100% |
| **Proposed dividends per share *(HKD)*** | **8.86 cents** | — | N/A |

**REVENUE:**

| *RMB'000* | **For the year ended 31 December 2017** | For the year ended 31 December 2016 | Change (%) |
|---|---|---|---|
| **TV media resources management** | **1,242,418** | 1,119,537 | +11% |
| **Integrated communication services and Content operations** | **122,781** | 82,406 | +49% |
| **Digital marketing and Internet media** | **79,893** | 64,028 | +25% |
| **Rental income** | **44,591** | 46,565 | -4% |
| **Sales taxes and surcharges** | **(16,985)** | (13,247) | +28% |
| **Revenue** | **1,472,698** | 1,299,289 | |

**TURNOVER:**

| *RMB'000* | **For the year ended 31 December 2017** | For the year ended 31 December 2016 | Change (%) |
|---|---|---|---|
| **TV media resources management** | **1,242,418** | 1,119,537 | +11% |
| **Integrated communication services and Content operations** | **916,805** | 1,127,646 | -19% |
| **Digital marketing and Internet media** | **79,893** | 64,028 | +25% |
| **Rental income** | **44,591** | 46,565 | -4% |
| **Sales taxes and surcharges** | **(16,985)** | (13,247) | +28% |
| **Turnover** | **2,266,722** | 2,344,529 | |

The Board of directors (the "**Board**") of SinoMedia Holding Limited ("**SinoMedia**" or the "**Company**") announces the audited results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2017, with comparative figures for previous year.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2017*

| | Note | **2017** | 2016 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| Revenue | | **1,472,698** | 1,299,289 |
| Cost of services | | **(1,173,591)** | (1,179,053) |
| **Gross profit** | | **299,107** | 120,236 |
| Other revenue | 3 | **6,612** | 29,213 |
| Other net income | 3 | **—** | 3,475 |
| Selling and marketing expenses | | **(60,995)** | (57,638) |
| General and administrative expenses | | **(106,283)** | (126,337) |
| **Profit/(Loss) from operations** | | **138,441** | (31,051) |
| Finance income | 4(a) | **8,605** | 6,034 |
| Finance costs | 4(a) | **(2,098)** | (866) |
| **Net finance income** | | **6,507** | 5,168 |
| **Profit/(Loss) before taxation** | 4 | **144,948** | (25,883) |
| Income tax | 5 | **(54,662)** | (12,020) |
| **Profit/(Loss) for the year** | | **90,286** | (37,903) |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **93,042** | (27,066) |
| Non-controlling interests | | **(2,756)** | (10,837) |
| **Profit/(Loss) for the year** | | **90,286** | (37,903) |
| Proposed dividends | 6 | **36,831** | — |
| **Earnings/(Losses) per share** | 7 | | |
| Basic earnings/(losses) per share (RMB) | | **0.177** | (0.050) |
| Diluted earnings/(losses) per share (RMB) | | **0.177** | (0.050) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2017*

| | Note | 2017 RMB'000 | 2016 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | **239,256** | 246,797 |
| Investment property | 8 | **589,110** | 603,906 |
| Intangible assets | | **24,902** | 27,885 |
| Goodwill | | **6,002** | 6,002 |
| Trade and other receivables | 9 | **865** | 2,085 |
| | | **860,135** | 886,675 |
| **Current assets** | | | |
| Other current financial asset | | **1,537** | 1,537 |
| Trade and other receivables | 9 | **631,771** | 521,496 |
| Pledged bank deposits | | **595** | — |
| Time deposits with original maturity over three months | | **10,636** | 11,698 |
| Cash and cash equivalents | | **678,791** | 552,531 |
| | | **1,323,330** | 1,087,262 |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **533,990** | 316,074 |
| Bank loans | | **—** | 110,000 |
| Current taxation | | **74,037** | 28,131 |
| Deferred tax liability | | **—** | 26 |
| | | **608,027** | 454,231 |
| **Net current assets** | | **715,303** | 633,031 |
| **Total assets less current liabilities** | | **1,575,438** | 1,519,706 |
| **NET ASSETS** | | **1,575,438** | 1,519,706 |

| | 2017 | 2016 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **CAPITAL AND RESERVES** | | |
| Share capital | **510,981** | 510,981 |
| Reserves | **1,068,777** | 1,009,974 |
| **Total equity attributable to equity shareholders of the Company** | **1,579,758** | 1,520,955 |
| **Non-controlling interests** | **(4,320)** | (1,249) |
| **TOTAL EQUITY** | **1,575,438** | 1,519,706 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2017*

| | Attributable to equity shareholders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** *RMB'000* | **Capital reserve** *RMB'000* | **Statutory reserve** *RMB'000* | **Translation reserve** *RMB'000* | **Other reserves** *RMB'000* | **Retained profits** *RMB'000* | **Total** *RMB'000* | **Non-controlling interests** *RMB'000* | **Total equity** *RMB'000* |
| **Balance at 1 January 2016** | 510,981 | 22,532 | 126,886 | (4,229) | 2,308 | 956,076 | 1,614,554 | 9,588 | 1,624,142 |
| **Changes in equity for 2016:** | | | | | | | | | |
| Loss for the year | — | — | — | — | — | (27,066) | (27,066) | (10,837) | (37,903) |
| Other comprehensive income | — | — | — | 2,975 | — | — | 2,975 | — | 2,975 |
| Total comprehensive loss | — | — | — | 2,975 | — | (27,066) | (24,091) | (10,837) | (34,928) |
| Equity-settled share-based transactions | — | 1,590 | — | — | — | — | 1,590 | — | 1,590 |
| Purchase of own shares | — | — | — | — | — | (21,665) | (21,665) | — | (21,665) |
| Dividends approved in respect of the previous year | — | — | — | — | — | (49,433) | (49,433) | — | (49,433) |
| **Balance at 31 December 2016 and at 1 January 2017** | 510,981 | 24,122 | 126,886 | (1,254) | 2,308 | 857,912 | 1,520,955 | (1,249) | 1,519,706 |
| **Changes in equity for 2017:** | | | | | | | | | |
| Profit for the year | — | — | — | — | — | 93,042 | 93,042 | (2,756) | 90,286 |
| Other comprehensive loss | — | — | — | (3,970) | — | — | (3,970) | — | (3,970) |
| Total comprehensive income | — | — | — | (3,970) | — | 93,042 | 89,072 | (2,756) | 86,316 |
| Equity-settled share-based transactions | — | 1,718 | — | — | — | — | 1,718 | — | 1,718 |
| Purchase of own shares | — | — | — | — | — | (31,987) | (31,987) | — | (31,987) |
| Dividends to non-controlling interests | — | — | — | — | — | — | — | (315) | (315) |
| **Balance at 31 December 2017** | **510,981** | **25,840** | **126,886** | **(5,224)** | **2,308** | **918,967** | **1,579,758** | **(4,320)** | **1,575,438** |

# CONSOLIDATED CASH FLOW STATEMENT

*For the year ended 31 December 2017*

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Operating activities** | | |
| Profit/(Loss) before taxation | **144,948** | (25,883) |
| Adjustments for: | | |
| Depreciation | **23,370** | 26,211 |
| Amortization of intangible assets | **3,432** | 5,055 |
| Impairment of goodwill | **—** | 7,453 |
| Impairment of intangible assets | **—** | 16,607 |
| Finance costs | **2,040** | 827 |
| Finance income | **(8,265)** | (4,770) |
| Net gain on disposal of an associate | **—** | (3,475) |
| Net loss on sale of property, plant and equipment and intangible assets | **3,679** | 728 |
| Equity-settled share-based payment expenses | **1,718** | 1,590 |
| | **170,922** | 24,343 |
| Changes in working capital: | | |
| (Increase)/Decrease in trade and other receivables | **(109,055)** | 22,767 |
| Increase in trade and other payables | **217,598** | 50,105 |
| | **279,465** | 97,215 |
| PRC income tax paid | **(8,782)** | (21,376) |
| **Net cash generated from operating activities** | **270,683** | 75,839 |
| **Investing activities** | | |
| Payment for purchase of property, plant and equipment | **(1,194)** | (620) |
| Payment for purchase of intangible assets | **(3,678)** | (10,438) |
| Payment for purchase of financial asset | **—** | (1,537) |
| Proceeds from disposal of an associate | **—** | 10,000 |
| (Payment)/Refund of restricted cash | **(595)** | 565 |
| Received of term deposits with initial term over three months | **1,062** | 14,804 |
| Interest received | **8,265** | 4,770 |
| **Net cash generated from investing activities** | **3,860** | 17,544 |

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Financing activities** | | |
| Proceeds from bank loans | **—** | 170,000 |
| Repayment of bank loans | **(110,000)** | (60,000) |
| Payment for purchase of own shares | **(31,987)** | (21,665) |
| Borrowing costs paid | **(2,040)** | (827) |
| Dividends paid to non-controlling interests | **(286)** | — |
| Dividends paid to equity shareholders of the Company | **—** | (49,433) |
| **Net cash (used in)/generated from financing activities** | **(144,313)** | 38,075 |
| **Net increase in cash and cash equivalents** | **130,230** | 131,458 |
| Cash and cash equivalents at 1 January | **552,531** | 418,098 |
| Effect of foreign exchange rate changes | **(3,970)** | 2,975 |
| **Cash and cash equivalents at 31 December** | **678,791** | 552,531 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the requirements of the Hong Kong Companies Ordinance. As Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for derivative financial instruments which are stated at their fair value.

The IASB and HKICPA have issued a number of amendments to IFRS and HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Company. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**2 Segment reporting**

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has determined and presented a single reportable segment to disclose information as a whole about its services, geographical areas, and major customers.

**3 Other revenue and Other net income**

| | *Note* | **2017**<br>***RMB'000*** | 2016<br>*RMB'000* |
|---|---|---|---|
| **Other revenue** | | | |
| Government grant | (i) | **2,528** | 11,947 |
| Tax refund | | **—** | 8,973 |
| Others | | **4,084** | 8,293 |
| | | **6,612** | 29,213 |

(i) It is the unconditional discretionary grants received from a local government authority in recognition of the Group's contribution to the development of the local economy.

| | **2017**<br>***RMB'000*** | 2016<br>*RMB'000* |
|---|---|---|
| **Other net income** | | |
| Disposal of an associate | **—** | 3,475 |

## 4 Profit before taxation

### *(a) Finance income and costs*

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest income on bank deposits | **8,265** | 4,770 |
| Net foreign exchange gain | **340** | 1,264 |
| Finance income | **8,605** | 6,034 |
| Interest on bank borrowings wholly repayable within five years | **(2,040)** | (827) |
| Others | **(58)** | (39) |
| Finance costs | **(2,098)** | (866) |
| Net finance income | **6,507** | 5,168 |

### *(b) Staff cost*

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Salaries, wages and other benefits | **93,957** | 94,946 |
| Contributions to defined contribution retirement plan | **8,155** | 7,497 |
| Equity-settled share-based payment expenses | **1,718** | 1,590 |
| | **103,830** | 104,033 |

### *(c) Other items*

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Amortization | **3,432** | 5,055 |
| Depreciation | **23,370** | 26,211 |
| Impairment losses on assets and goodwill | **7,483** | 23,283 |
| Operating lease charges | **5,256** | 5,517 |
| Auditors' remuneration | **2,950** | 2,980 |
| Professional fee | **3,279** | 3,199 |
| Research and development costs | **5,496** | 5,276 |

## 5 Income tax

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Current tax** | | |
| Provision for PRC income tax | **54,688** | 9,797 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **(26)** | 2,223 |
| Total income tax expense | **54,662** | 12,020 |

No provision has been made for Hong Kong profits tax as the Company and its subsidiary in Hong Kong did not earn any income subject to Hong Kong profits tax during the year.

No provision has been made for Singapore income tax as the Company's subsidiary in Singapore had unutilised tax losses brought forward from prior years which was sufficient to set-off against taxable income of 2017.

Pursuant to the currently applicable income tax rules and regulations of the PRC, the Group's entities in the PRC were liable to the PRC Corporate Income Tax at a rate of 25%, except that Beijing Lotour Huicheng Internet Technology Company Limited was at a preferential rate of 15% as an advanced technology-based service enterprise, and Beijing Laite Laide Management Consultancy Company Limited was at a preferential rate of 20% as a small meager-profit enterprise, during the year ended 31 December 2017.

## 6 Proposed dividends

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Dividends proposed after the end of reporting period: | | |
| Proposed final dividend of HKD8.86 cents (equivalent to approximately RMB7.17 cents) per ordinary share (2016: no dividend proposed) | **36,831** | — |

Pursuant to a resolution passed at the Director's meeting on 27 March 2018, a final dividend of HKD8.86 cents (2016:nil) per share in respect of the year ended 31 December 2017 totalling HKD45,514 thousand (equivalent to approximately RMB36,831 thousand at an exchange rate of 0.80923) will be proposed for shareholders' approval at the Annual General Meeting. Dividend of HKD45,514 thousand proposed after the statement of financial position date has not been recognised as a liability at the end of the reporting period.

## 7 Earnings/(Losses) per share

### *(a) Basic earnings/(losses) per share*

The calculation of basic earnings/(losses) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB93,042 thousand (2016: loss of RMB27,066 thousand) and the weighted average of 526,648 thousand ordinary shares (2016: 543,216 thousand shares) in issue during the year, calculated as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Profit/(Loss) attributable to ordinary equity shareholders** | **93,042** | (27,066) |

| **Weighted average number of ordinary shares** | **2017** | 2016 |
|---|---|---|
| | ***'000*** | *'000* |
| Issued ordinary shares at 1 January | **535,332** | 547,915 |
| Effect of shares repurchased | **(8,684)** | (4,699) |
| Weighted average number of ordinary shares at 31 December | **526,648** | 543,216 |

### *(b) Diluted earnings/(losses) per share*

The calculation of diluted earnings/(losses) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB93,042 thousand (2016: loss of RMB27,066 thousand) and the weighted average number of ordinary shares of 526,648 thousand shares (2016: 543,646 thousand shares) after adjusting for the effect of share options in issue, calculated as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Profit/(Loss) attributable to ordinary equity shareholders (basic and diluted)** | **93,042** | (27,066) |

| **Weighted average number of ordinary shares (diluted)** | **2017** | 2016 |
|---|---|---|
| | ***'000*** | *'000* |
| Weighted average number of ordinary shares (basic) | **526,648** | 543,216 |
| Effect of share options in issue | **—** | 430 |
| Weighted average number of ordinary shares (diluted) at 31 December | **526,648** | 543,646 |

## 8 Property, plant and equipment and Investment property

| | Buildings *RMB'000* | Fixtures, fittings and computer equipment *RMB'000* | Motor vehicles *RMB'000* | Sub-total *RMB'000* | Investment property *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|
| **Original cost** | | | | | | |
| Balance at 1 January 2016 | 277,505 | 16,015 | 15,098 | 308,618 | 669,258 | 977,876 |
| Additions and reclassification | 16 | 604 | — | 620 | 3,586 | 4,206 |
| Disposals and reclassification | (3,586) | (2,743) | — | (6,329) | (3,324) | (9,653) |
| Balance at 31 December 2016 | 273,935 | 13,876 | 15,098 | 302,909 | 669,520 | 972,429 |
| Balance at 1 January 2017 | 273,935 | 13,876 | 15,098 | 302,909 | 669,520 | 972,429 |
| Additions | — | 884 | 310 | 1,194 | — | 1,194 |
| Disposals | — | (1,337) | (133) | (1,470) | — | (1,470) |
| Balance at 31 December 2017 | **273,935** | **13,423** | **15,275** | **302,633** | **669,520** | **972,153** |
| **Depreciation** | | | | | | |
| Balance at 1 January 2016 | 23,698 | 11,330 | 12,312 | 47,340 | 54,107 | 101,447 |
| Charge for the year and reclassification | 7,052 | 3,006 | 1,322 | 11,380 | 14,831 | 26,211 |
| Disposals and reclassification | — | (2,608) | — | (2,608) | (3,324) | (5,932) |
| Balance at 31 December 2016 | 30,750 | 11,728 | 13,634 | 56,112 | 65,614 | 121,726 |
| Balance at 1 January 2017 | 30,750 | 11,728 | 13,634 | 56,112 | 65,614 | 121,726 |
| Charge for the year | 7,209 | 1,025 | 365 | 8,599 | 14,796 | 23,395 |
| Disposals | — | (1,207) | (127) | (1,334) | — | (1,334) |
| Balance at 31 December 2017 | **37,959** | **11,546** | **13,872** | **63,377** | **80,410** | **143,787** |
| **Net book value** | | | | | | |
| At 31 December 2017 | **235,976** | **1,877** | **1,403** | **239,256** | **589,110** | **828,366** |
| At 31 December 2016 | 243,185 | 2,148 | 1,464 | 246,797 | 603,906 | 850,703 |

## 9 Trade and other receivables

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Non-current assets** | | | |
| Other receivables | | **865** | 2,085 |
| **Current assets** | | | |
| Trade debtors and bills receivable | | **227,397** | 190,045 |
| Less: allowance for doubtful debts | | **(80,105)** | (72,622) |
| | (i) | **147,292** | 117,423 |
| Prepayments and deposits to media suppliers | | **458,275** | 382,987 |
| Advances to employees | | **4,035** | 1,741 |
| Other debtors and prepayments | | **32,415** | 29,591 |
| Less: allowance for doubtful debts of other debtors | | **(10,246)** | (10,246) |
| | | **631,771** | 521,496 |
| | | **632,636** | 523,581 |

(i) As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable is as follows:

| | 2017 | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Neither past due nor impaired | **99,794** | 70,790 |
| Less than 6 months past due | **19,517** | 27,597 |
| More than 6 months but less than 12 months past due | **18,142** | 10,986 |
| More than 12 months past due | **9,839** | 8,050 |
| Total amount past due | **47,498** | 46,633 |
| | **147,292** | 117,423 |

Credit terms are granted to the customers, depending on credit assessment carried out by management on an individual basis. The credit terms for trade receivables are generally from nil to 90 days.

## 10 Trade and other payables

| | Note | 2017 RMB'000 | 2016 RMB'000 |
|---|---|---|---|
| Trade payables | (i) | **33,214** | 15,824 |
| Payroll and welfare expenses payables | | **21,423** | 16,879 |
| Other tax payables | | **28,438** | 20,532 |
| Other payables and accrued charges | | **44,566** | 37,821 |
| Dividends payable due to non-controlling interests | | **885** | 856 |
| | | **128,526** | 91,912 |
| Advances from customers | | **405,464** | 224,162 |
| | | **533,990** | 316,074 |

(i) The ageing analysis of trade payables is as follows:

| | 2017 RMB'000 | 2016 RMB'000 |
|---|---|---|
| within 3 months | **20,296** | 14,657 |
| 3 months to 6 months | **2,397** | 776 |
| 6 months to 12 months | **10,508** | 385 |
| Over 12 months | **13** | 6 |
| | **33,214** | 15,824 |

# MANAGEMENT DISCUSSION AND ANALYSIS

## ABOUT THE GROUP

China's economic growth and activeness maintain stable during 2017, with the GDP up 6.9% compared with the same period last year (source: National Bureau of Statistics, January 2018). Developed together by Caixin Media and Markit, Caixin China Manufacturing Purchasing Managers' Index (PMI) was 51.5 in January 2018, rising by 0.5 percentage point compared with January 2017, and Caixin China Service Purchasing Managers' Index (PMI) in January 2018 was 54.7, rising by 1.6 percentage points compared with January 2017. The information indicates that the operation of manufacturing industry improved, and the growth of the operating activities in the service area accelerated (source: Caixin Media, February 2018 and February 2017).

In terms of advertising industry, the advertising market of China in 2017 rose by 4.3% after a consecutive two years' fall, based on the market study released by CTR Media Intelligence. In accordance with the statistics, the advertising market as a whole has recovered and the decline in the traditional media has stopped and experienced a slight increase, of which, TV advertising shifted from a decrease of 3.7% in 2016 to an increase of 1.7% in 2017 (source: CTR Media Intelligence, January 2018).

During the year under review, the Group promoted firmly the strategy with providing inter-screen creative communication services as the core, explored deeply the area of TV advertisement that has an advantage in the market share, continued to cultivate the digital media business, and enhanced the capability in supporting the brand communication to corresponds to precision marketing, as well as developed proactively the content production and operation business with documentary films as the entry point. Meanwhile, it made timely adjustments to the less efficient business, optimized the product lines and business structure, and further improved the comprehensive strength and competitiveness of the Group as a leading media operation group in China.

## BUSINESS REVIEW

### TV Advertising and Content Operations

#### *I. TV Media Resources Management*

During the year under review, the Group had approximately 10,360 minutes of advertising resources on a total of 10 programs on channels including CCTV-1 (General)/CCTV-News, CCTV-4 (Chinese International, including Europe and the US), CCTV-7 (Military and Agriculture), and the exclusive underwriting right for 59,340 minutes of all advertising resources of CCTV-9 (Documentary). It covered the markets of news, politics, agriculture, culture and lifestyle programs and also brought more diversified communication channels to clients. Its specific media resources include the "News 30" (新聞30分) jointly broadcasted on CCTV-1/CCTV-News (Chinese), programs and resource periods including "Across the Straits" (海峽兩岸), "Today's Focus" (今日關注), "Chinese World" (華人世界) and "Foreigners in China" (外國人在中國) on CCTV-4 (Chinese International, including Europe and the US), and programs including "Zhi Fu Jing" (致富經), "Focus on the Three Agricultural Issues" (聚焦三農), "Daily Agricultural News" (每日農經) on CCTV-7 (Military and Agriculture) as well as all advertising resources of CCTV-9 (Documentary). During the year, the Group strengthened the client development, broadened the dimensions of client industries, strengthened the capability of developing and serving clients in the area of TV advertising marketing; and improved the competitiveness through optimizing marketing strategies and media product combinations, to promote the sales of the Group's exclusive underwritten TV media resources.

## *II. Integrated Communication Services*

The Group has gained the recognition by a large number of well-known clients for its professional and highly efficient communication services and caring client service philosophy. During the year under review, the Group provide brand information, advertising placement, promotion planning, public relation activities and other multi-dimension brand integrated communication services to clients including: Hebei Provincial Commission of Tourism Development, Inner Mongolia Autonomous Region Tourism Administration, Yunnan Provincial Commission of Tourism Development, Nanchang Tourism Development Committee, Publicity Department of Taizhou Municipal Party Committee, Publicity Department of Suzhou Municipal Party Committee, Great Wall Motor Company Limited, Country Garden Group, Changan PSA Automobiles Co., Ltd.

In respect of international business, the Group actively offered overseas clients with Chinese market promotion, media propaganda and creative planning and other services, and spread the tourist destination of China and the brand image of enterprises to every corner of the world by quality overseas media resources. The main clients during the year include: Toronto Tourism of Canada, Turkish Tourism, Washington Tourism Board, Swiss Open-Air Museum Ballenberg, YTL Hotels, China National Tourism Administration, Beijing Municipal Commission of Tourism Development, Shanghai Municipal Tourism Administration, etc.

## *III. Content Operations*

The Group provides clients with comprehensive and professional commercial advertisement and creative content production services. During the year under review, the Group served Publicity Department of Zhengzhou Municipal Party Committee, Lishui Tourism Development Committee, Publicity Department of Yingkou Municipal Party Committee, Gongyi City Culture Relics and Tourism Bureau, PICC Property and Casualty Company Limited, China Everbright Group Co., Ltd. and other clients, with the services provided involving graphic design, and advertising video shooting, producing and editing.

The Group proactively promoted the content operation business by focusing on documentary films. It established a specific development fund, deepens the transnational and cross-cultural subject-matters from humane, economic, and scientific and technological aspect, and explores the global communication channels with creative film products to help the Chinese brands and culture to expand overseas. The planned, produced or authorized to produce documentary "The Story Behind the Dinning Table of China", "Cities' 24 hours — Chengdu" (城市24小時 — 成都), "World in the Bottle" (裝在瓶子裡的世界), "Wine in China" (酒香中國) have been completed in shooting and production. The documentary "The Car Wars" that is in shooting and producing concentrates on the impact of artificial intelligence and unmanned driving on the future's automobile industry and travelling way, and is jointly produced by the Group and French National Center for Cinema, French TV 5 Monde, and the French production company Taxi-Brousse.

In addition, focusing on the Chinese film industry's annual series of ceremony activities, the Group carried out the cooperation with CCTV-6 Film channel to exercise the communication feature of online-offline combination for film ceremony activities, integrate the inter-screen media resources and discover the connected points among film culture, fashion trends and brand communication, delivering creative and distinctive entertainment marketing solutions to clients.

**Digital Marketing and Internet Media**

***I. Digital Marketing***

During the year under review, the Group upgraded its self-developed intelligent programming advertising placement platform,established the all-intelligent independent bidding placement system which realized bi-directional close-loop mode of precision placement and public opinion monitoring, and improved the professional capacity of digital marketing by fully integrating the Preferred Deal and Real-Time Bidding. The Group served successively the Heilongjiang Feihe Dairy Co., Ltd., China Life Property & Casualty Insurance Company Limited, Loctek Ergonomic Technology Corp., Suning Commerce Group Co, FAW Jiefang Automotive Company, Beijing Dazhong Home Appliances Retail Co. Ltd., GOME Appliance Company Limited, Sunshine Life Insurance Co., Ltd and other clients in 2017, and received a high degree of recognition and praise therefrom.

***II. Internet Media***

Surrounding the position of modern agricultural information service platform of China, www.wugu.com.cn (吾谷網) constantly enhanced platform value, and ranked China top three at the first time in the ranking of agricultural-related website Alexa. During the year under review, wugu.com.cn launched the channel of "Wealth Creation Experiences", and was designated as the exclusive strategic cooperation media in the activity of "National Rural Entrepreneurial and Innovative Project Creativity Competition" launched by the Ministry of Agriculture.

www.boosj.com (播視網) explored deeply core users, optimized users' experience, strengthened the video interaction platform led by healthy lifestyle as its position. During the year under review, boosj.com customized six live broadcastings for Guangdong ChimelongGroup, demonstrating natural ecology and fashion theme of wild life park, ocean park and water world. The national performance game of square dance "Fearless Love" (敢愛) which was held jointly with Country Garden Group, crossed 12 large and medium-sized cities offline and influenced more than 10 million lovers of square dance through live broadcasting and interaction online.

www.lotour.com (樂途旅遊網), by constantly expanding the inspiration travelers' resources and high-quality tourism contents, consolidated the online platform placing and the offline activity services. During the year under review, lotour.com provided services to clients such as Liaoning Provincial Commission of Tourism Development, Gansu Provincial Commission of Tourism Development, Inner Mongolia Autonomous Region Tourism Development Committee, Yunnan Provincial Commission of Tourism Development, Fuzhou Municipal Tourism Bureau, Huizhou Municipal Tourism Bureau, respectively.

## FINANCIAL REVIEW

### Revenue and Profit Attributable to the Equity Shareholders of the Company

For the year ended 31 December 2017, the Group recorded revenue of RMB1,472,698 thousand, representing an increase of 13% from RMB1,299,289 thousand last year.

Revenue details for the year under review are as follows:

(I) Revenue recorded from TV media resources management was RMB1,242,418 thousand, representing an increase of 11% from RMB1,119,537 thousand last year. The increase of revenue from this business was mainly attributable to the Group's series of marketing promotion activities, and serving its clients with innovative marketing strategies and plentiful media product combinations, and strengthening the result-oriented working mechanism at the same time so that both the number of new customers and annual contractual amounts increased. The advertising placements of clients from tourism and consumer goods performed impressively, the minutes sold and sales rate of the core columns were all higher than last year, among which, the CCTV-9 Documentary Channel achieved a significant improvement in the advertising environment and customer quality after one year's cultivation and development, and started to record an increase in contracted sales, thus becoming a new growth point for the revenue of this business.

(II) Revenue recorded from integrated communication services and content operations was RMB122,781 thousand in total, representing an increase of 49% from RMB82,406 thousand last year. Among which, (1) turnover recorded from integrated communication services was RMB870,504 thousand, a decrease of 20% from RMB1,090,037 thousand last year. During the year, the Group strictly selected and distinguished clients in terms of the credit record, operational scale, capital status and other aspects; meanwhile, strictly controlled the approval management of the prepayment for clients, which resulted in the number and the amount of contracted clients fell as compared with last year. Under the International Accounting Standards, the Group's revenue is credited as net commission with relevant procurement costs must be deducted from turnover if the Group procures media resources in the capacity of an agent for clients. On this basis, revenue from this business was RMB76,480 thousand, an increase of 71% from RMB44,797 thousand last year. The increase of the revenue was due to the impacts of the change in commission settlement cycle of media suppliers, making the partial commissions that should be obtained from media suppliers in the previous year recognized during the year; (2) the revenue of content operations was RMB46,301 thousand, increased 23% from RMB37,609 thousand last year. The Group carried out an exclusive strategic cooperation in respect of various film festival resources with CCTV-6 Film channel during the year to offer clients with creative production and entertainment marketing solutions, leading to a substantial year-on-year growth in the content operation business.

(III) Revenue recorded from digital marketing and internet media was RMB79,893 thousand in total, representing an increase of 25% from RMB64,028 thousand last year. Among which, (1) the Group continued to optimize and upgrade the self-developed intelligent programming advertising placement platform making its all-intelligent independent bidding placement system in good operating condition and the revenue continual growth compared with last year; (2) revenue from internet media was basically flat compared with last year.

(IV) Rental income was RMB44,591 thousand, representing a decrease of 4% as compared with RMB46,565 thousand last year, mainly because part of the office premises was temporarily idled in the second half of the year.

During the year, both the revenue and the gross profit margin of core businesses of the Group rose as compared with last year, with the costs and operating expenses controlled effectively. For the year ended 31 December 2017, the profit attributable to equity shareholders of the Company was RMB93,042 thousand, while the loss attributable to equity shareholders of the Company last year was RMB27,066 thousand.

**Operating Expenses**

For the year ended 31 December 2017, the Group's operating expenses were RMB167,278 thousand in aggregate, representing a year-on-year decrease of 9% from RMB183,975 thousand last year, and accounted for 11.4% of the Group's revenue (year ended 31 December 2016: 14.2%). Since the Group strictly controlled the budget on expenses, optimized the expense approval and management system and optimized and adjusted the less efficient operating segment, both the total operating expenses and the ratio of expenses to revenue decreased as compared with last year.

Operating expenses include the followings:

(I) Selling and marketing expenses amounted to RMB60,995 thousand, showing an increase of approximately RMB3,357 thousand from RMB57,638 thousand last year, and accounted for 4.2% of the Group's revenue (year ended 31 December 2016: 4.5%). The increase in selling and marketing expenses was mainly due to the increase of the performance-based emoluments of marketing personnel resulting from the increase of revenue.

(II) General and administrative expenses amounted to RMB106,283 thousand, representing a decrease of approximately RMB20,054 thousand from RMB126,337 thousand last year, and accounted for 7.2% of the Group's revenue (year ended 31 December 2016: 9.7%). The decrease in general and administrative expenses was mainly due to (1) to demonstrate the commitment to the responsibility for the last year's business decline, the Group appropriately adjusted downwards the remuneration of senior management, and optimized the personnel structure of the less efficient business, allowing for the manpower cost to fall by approximately RMB4,336 thousand compared with last year; (2) the Group made an appropriate assessment and judgment on the recoverability of receivables and commercial value of equity investment projects, and the impairment loss on assets recorded a decrease of approximately RMB15,800 thousand as compared with last year.

**Significant Investments, Acquisitions and Disposals**

The Group had no significant investments, acquisitions and disposals during the year.

### Liquidity and Financial Resources

The Group's liquidity was adequate with a stable financial position as a whole. As at 31 December 2017, cash and bank balances amounted to RMB678,791 thousand (31 December 2016: RMB552,531 thousand), of which approximately 92% was denominated in RMB and the remaining 8% in HK dollars and other currencies. Bank time deposits with maturity over three months held by the Group in RMB amounted to RMB10,636 thousand (31 December 2016: RMB11,698 thousand). During the year, details of the cash flows status were as follows:

(I) Net cash inflow from operating activities was RMB270,683 thousand (year ended 31 December 2016: RMB75,839 thousand), which was mainly because of: (1) an increase of approximately RMB75,288 thousand in prepayment of media agency costs and deposits to media suppliers as compared to the end of last year; (2) an increase of advance from customers of approximately RMB181,302 thousand as compared to the end of last year.

(II) Net cash inflow from investing activities was RMB3,860 thousand (year ended 31 December 2016: RMB17,544 thousand), which was mainly attributable to: (1) the interest received on bank deposits at approximately RMB8,265 thousand; and (2) the spending of RMB4,872 thousand in total on acquisition of fixed assets and research and development of intangible assets.

(III) Net cash outflow from financing activities was RMB144,313 thousand (year ended 31 December 2016: net cash inflow of RMB38,075 thousand), which was mainly attributable to: (1) the repayment for the short-term bank borrowings of RMB110,000 thousand; (2) approximately RMB31,987 thousand was used for share buyback of the Company.

As at 31 December 2017, the Group's total assets amounted to RMB2,183,465 thousand, which consisted of equity attributable to equity shareholders of the Company of RMB1,579,758 thousand, and non-controlling interests of RMB-4,320 thousand. As at 31 December 2017, the Group had no bank borrowings.

The majority of the Group's turnover, expenses, and capital investments were denominated in Renminbi.

## HUMAN RESOURCES

As at 31 December 2017, the Group had 436 employees in total, less than that at the beginning of the year. During the year under review, the Group introduced plenty of professional talents in the fields covering content production and operation. This enabled the Group to have a solid team and talent pool of content marketing in addition to the steady development of TV advertising business and digital advertising business, which further improved the Group's capabilities of integrated media operation meanwhile properly controlled the number of execution-related positions with less professional. In the aspect of employee training, the Group undertook regular training relating to the products and cases of TV advertising, digital marketing and content marketing, and conducted external development activities from time to time in order to improve the employees' comprehensive knowledge and skills and product selling capabilities. In the aspect of talent incentives, during the year under review, the Group raised the basic remuneration and the level of performance-based bonus of marketing staff and provided incentives and rewards to employees with outstanding contribution through periodical and specific incentive policies so as to strengthen the connection between working performance and personal interests. In the aspect of culture construction and employees' benefits, the Group strictly guaranteed the statutory holidays and benefits of all the employees and offered them benefit plans including insurance, housing provident fund and opportunities of further study. In order to align the personal interests of employees with those of shareholders, the Company granted share options to employees under the share option schemes. Share options that were granted and remained unexercised as of the end of the year totaled 28,944,500 units.

## INDUSTRY AND GROUP OUTLOOK

In 2017, China's economy began to stabilize in terms of the growth rate from the macro perspective after six consecutive years of decline. In 2018, the global economy will continue the trend of overall recovery, but uncertainty still exists. China's economy is expected to remain basically stable and move into a stage where new growth drivers will replace old ones in a faster manner, further adjustments will be made to the quality and structure of the development, and GDP growth may slow down steadily.

Closely keeping an eye on the macroeconomic trends and industry movements, the Group at the same time will insist on the established strategies, improve the industrial chain layout, and raise the capability in operating the cross-media communications, committed to delivering high-quality and innovative products and communication services to clients. Specifically, in terms of TV advertising and content operations, the Group will continue to optimize the media resources of TV advertising, adhere to the client-oriented marketing strategies and strengthen the research and development of the cross-business creative communication products. It aims to expand the investment, production and operation in the documentary film programs while promoting the deep combination of brand and high-quality content, committed to becoming a leading supplier of documentary films and programs and operator of projects in terms of the investment scale and professional level. In terms of the digital marketing and internet media, the Group will follow the development trend of internet media, enrich the content products and interactive functions, and explore the users' behaviour data in respect to the needs of core users in the vertical field so as to improve the professional service of precision brand communication and enhance the operating capabilities of internet media.

As a leading comprehensive media operation group in China, the Group will intensify the core competitiveness in creative communication, and uphold the spirit of innovation and progressiveness to elevate the operating efficiency of cross-media communication platforms focusing on video content. At the same time, in terms of talents growth, the Group will optimize the organization structure and the management and training mechanism constantly, and continue to create more value for the society, staff and its shareholders in accordance with the principles of pragmatic and steady growth.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year under review, the Company repurchased 20,746,000 ordinary shares on the The Stock Exchange of Hong Kong Limited at an aggregate price of HKD37,055,500. The bought-back shares had been cancelled subsequently in 2017 and early in 2018. The details of the bought-back shares are as follows:

| Date | Number of Shares bought-back | Highest Price HKD | Lowest Price HKD | Total Paid HKD |
|---|---|---|---|---|
| 2016.12.29 | 150,000 | 1.79 | 1.78 | 268,100 |
| 2016.12.30 | 140,000 | 1.80 | 1.78 | 250,800 |
| 2017.1.3 | 23,000 | 1.80 | 1.80 | 41,400 |
| 2017.1.4 | 50,000 | 1.81 | 1.81 | 90,500 |
| 2017.1.5 | 220,000 | 1.83 | 1.81 | 400,200 |
| 2017.1.6 | 113,000 | 1.82 | 1.80 | 205,000 |
| 2017.1.9 | 190,000 | 1.82 | 1.80 | 343,600 |
| 2017.1.10 | 190,000 | 1.81 | 1.79 | 343,000 |
| 2017.1.11 | 114,000 | 1.81 | 1.77 | 206,210 |
| 2017.1.12 | 119,000 | 1.82 | 1.80 | 215,800 |
| 2017.1.13 | 110,000 | 1.82 | 1.80 | 199,400 |
| 2017.1.16 | 60,000 | 1.85 | 1.82 | 110,800 |
| 2017.1.17 | 150,000 | 1.85 | 1.85 | 277,500 |
| 2017.1.18 | 91,000 | 1.87 | 1.85 | 169,710 |
| 2017.1.20 | 88,000 | 1.88 | 1.87 | 164,640 |
| 2017.1.23 | 130,000 | 1.88 | 1.86 | 243,100 |
| 2017.1.24 | 60,000 | 1.88 | 1.88 | 112,800 |
| 2017.3.30 | 654,000 | 1.80 | 1.74 | 1,153,980 |
| 2017.3.31 | 486,000 | 1.80 | 1.76 | 869,840 |
| 2017.4.5 | 650,000 | 1.76 | 1.74 | 1,141,420 |
| 2017.4.7 | 320,000 | 1.76 | 1.74 | 559,700 |
| 2017.4.10 | 101,000 | 1.76 | 1.75 | 177,290 |
| 2017.4.12 | 367,000 | 1.76 | 1.74 | 641,580 |
| 2017.4.18 | 61,000 | 1.74 | 1.74 | 106,140 |
| 2017.4.19 | 162,000 | 1.73 | 1.71 | 279,220 |
| 2017.4.21 | 72,000 | 1.71 | 1.71 | 123,120 |
| 2017.5.2 | 120,000 | 1.71 | 1.71 | 205,200 |
| 2017.5.5 | 82,000 | 1.69 | 1.68 | 138,520 |
| 2017.5.9 | 250,000 | 1.70 | 1.68 | 422,800 |
| 2017.5.11 | 100,000 | 1.69 | 1.69 | 169,000 |
| 2017.5.16 | 137,000 | 1.68 | 1.67 | 229,990 |
| 2017.5.17 | 1,000 | 1.69 | 1.69 | 1,690 |
| 2017.5.18 | 350,000 | 1.68 | 1.67 | 586,500 |
| 2017.5.23 | 393,000 | 1.70 | 1.67 | 660,020 |
| 2017.6.15 | 370,000 | 1.63 | 1.59 | 598,760 |
| 2017.6.23 | 470,000 | 1.60 | 1.58 | 747,800 |
| 2017.6.26 | 270,000 | 1.60 | 1.59 | 431,500 |

| Date | Number of Shares bought-back | Highest Price HKD | Lowest Price HKD | Total Paid HKD |
|---|---|---|---|---|
| 2017.6.27 | 330,000 | 1.60 | 1.59 | 525,200 |
| 2017.7.4 | 370,000 | 1.64 | 1.62 | 601,680 |
| 2017.7.6 | 243,000 | 1.67 | 1.65 | 404,150 |
| 2017.7.11 | 324,000 | 1.69 | 1.66 | 543,590 |
| 2017.7.17 | 380,000 | 1.75 | 1.72 | 660,740 |
| 2017.7.18 | 310,000 | 1.75 | 1.73 | 539,690 |
| 2017.7.19 | 282,000 | 1.78 | 1.74 | 496,830 |
| 2017.7.20 | 257,000 | 1.85 | 1.84 | 475,080 |
| 2017.7.24 | 300,000 | 1.86 | 1.83 | 555,340 |
| 2017.8.31 | 120,000 | 1.73 | 1.72 | 206,800 |
| 2017.9.19 | 443,000 | 1.80 | 1.77 | 792,790 |
| 2017.9.20 | 349,000 | 1.80 | 1.78 | 626,020 |
| 2017.9.26 | 204,000 | 1.82 | 1.81 | 370,740 |
| 2017.9.29 | 176,000 | 1.87 | 1.86 | 328,860 |
| 2017.10.9 | 223,000 | 1.97 | 1.95 | 437,580 |
| 2017.10.19 | 478,000 | 1.89 | 1.86 | 898,100 |
| 2017.10.23 | 250,000 | 1.88 | 1.86 | 467,400 |
| 2017.10.31 | 371,000 | 1.94 | 1.87 | 713,110 |
| 2017.11.2 | 102,000 | 1.84 | 1.83 | 187,070 |
| 2017.11.3 | 205,000 | 1.83 | 1.80 | 372,340 |
| 2017.11.7 | 270,000 | 1.83 | 1.82 | 493,020 |
| 2017.11.8 | 370,000 | 1.82 | 1.81 | 671,900 |
| 2017.11.10 | 170,000 | 1.81 | 1.80 | 307,200 |
| 2017.11.14 | 270,000 | 1.80 | 1.79 | 483,890 |
| 2017.11.15 | 305,000 | 1.80 | 1.79 | 548,750 |
| 2017.11.16 | 427,000 | 1.83 | 1.79 | 777,210 |
| 2017.11.17 | 575,000 | 1.84 | 1.82 | 1,053,480 |
| 2017.11.20 | 443,000 | 1.81 | 1.79 | 799,000 |
| 2017.11.21 | 616,000 | 1.83 | 1.80 | 1,120,590 |
| 2017.11.22 | 201,000 | 1.86 | 1.83 | 371,870 |
| 2017.11.27 | 290,000 | 1.82 | 1.80 | 525,930 |
| 2017.11.28 | 322,000 | 1.84 | 1.81 | 590,220 |
| 2017.11.29 | 158,000 | 1.86 | 1.84 | 292,940 |
| 2017.11.30 | 300,000 | 1.86 | 1.85 | 557,000 |
| 2017.12.1 | 308,000 | 1.86 | 1.85 | 570,680 |
| 2017.12.4 | 380,000 | 1.88 | 1.85 | 710,390 |
| 2017.12.6 | 900,000 | 1.86 | 1.83 | 1,661,590 |
| 2017.12.7 | 601,000 | 1.86 | 1.85 | 1,114,850 |
| 2017.12.8 | 252,000 | 1.87 | 1.86 | 470,720 |
| 2017.12.19 | 183,000 | 1.85 | 1.81 | 336,220 |
| 2017.12.20 | 120,000 | 1.86 | 1.84 | 222,500 |
| 2017.12.27 | 154,000 | 1.86 | 1.85 | 285,810 |
| | 20,746,000 | | | 37,055,500 |

# CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2017, the Company has fully complied with all code provisions ("**Code Provisions**") of the Corporate Governance Code and Corporate Government Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviations:

*Under Code Provision A.6.7, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders.*

Due to other pre-arranged business engagements which must be attended to by Mr. Qi Daqing and Mr. He Hui David, being Independent Non-executive Directors of the Company, were not able to attend the annual general meeting of the Company held on 9 June 2017.

*Under Code Provision E.1.2, the chairman of the Board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend.*

Due to other pre-arranged business commitments which must be attended by him, Mr. Qi Daqing, the chairman of the Audit Committee and an Independent Non-executive Director of the Company, was not present at the annual general meeting held on 9 June 2017. However, the other two members of the Audit Committee, Mr. Lian Yuming and Ms. Wang Xin, Independent Non-executive Directors of the Company were present at the said annual general meeting to ensure an effective communication with the shareholders thereat.

# DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having been made specific enquiry, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2017.

# REVIEW OF FINANCIAL INFORMATION

The Audit Committee has, together with the management of the Company, reviewed the Group's audited consolidated financial statements and the annual report for the year ended 31 December 2017, including the accounting principles and practices adopted by the Group.

## FINAL DIVIDEND

The Board recommend of a final dividend of HKD8.86 cents (2016: nil) per share, with an aggregate value of approximately RMB37 million, to shareholders. Such proposal is subject to the approval of shareholders at the forthcoming annual general meeting to be held on 8 June 2018 ("**AGM**"), the final dividend will be paid in Hong Kong dollars on or about Thursday, 5 July 2018 to those members registered in the Company's register of members on Wednesday, 20 June 2018.

## ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 8 June 2018. Notice of the AGM together with the Company's annual report for the year ended 31 December 2017 will be dispatched to shareholders in due course.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 June 2018 to Friday, 8 June 2018 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to attend and vote at the AGM. No transfer of shares may be registered during the said period. In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Monday, 4 June 2018.

The register of members of the Company will also be closed from Friday, 15 June 2018 to Wednesday, 20 June 2018 (both dates inclusive), for the purposes of determining the entitlements of the members of the Company to the proposed final dividend upon the passing of the relevant resolution. No transfer of shares may be registered during the said period. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:30 p.m. on Thursday, 14 June 2018.

On behalf of the Board
**SinoMedia Holding Limited**
**CHEN Xin**
*Chairman*

Hong Kong, 27 March 2018

*As at the date of this announcement, the Board comprises Mr. Chen Xin, Ms. Liu Jinlan and Mr. Li Zongzhou as executive directors, and Mr. Qi Daqing, Mr. Lian Yuming, Ms. Wang Xin and Mr. He Hui David as independent non-executive directors.*