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品牌中国
BRANDING CHINA

# BRANDING CHINA GROUP LIMITED
# 品牌中國集團有限公司

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

**(Stock code: 0863)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

## FINANCIAL HIGHLIGHTS

## RESULTS

| | **2017** | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| | ***RMB*** | *RMB* | *RMB* | *RMB* | *RMB* |
| Revenue | **162,015,156** | 160,374,361 | 201,569,895 | 207,397,009 | 215,423,847 |
| (Loss)/profit before tax from continuing operations | **(53,455,614)** | (34,344,694) | 9,343,569 | 22,942,178 | 43,818,421 |
| Income tax expense | **(1,870,192)** | (503,352) | (5,560,624) | (6,610,957) | (12,855,739) |
| (Loss)/profit for the year from continuing operations | **(55,325,806)** | (34,848,046) | 3,782,945 | 16,331,221 | 30,962,682 |
| (Loss)/profit for the year from discontinued operations | **(3,012,125)** | (173,901,301) | 33,573,881 | 24,692,015 | 19,902,826 |
| (Loss)/profit for the year | **(58,337,931)** | (208,749,347) | 37,356,826 | 41,023,236 | 50,865,508 |
| Exchange differences on translating foreign operations | **46,127** | (29,324) | 49,536 | 145,992 | (45,664) |
| Total comprehensive income for the year | **(58,291,804)** | (208,778,671) | 37,406,362 | 41,169,228 | 50,819,844 |
| (Loss)/profit for the year attributable to: | | | | | |
| Owners of the Company | **(59,214,707)** | (208,921,924) | 37,356,826 | 41,023,236 | 50,865,508 |
| Non-controlling interests | **876,776** | 172,577 | – | – | – |
| | **(58,337,931)** | (208,749,347) | 37,356,826 | 41,023,236 | 50,865,508 |
| Total Comprehensive income for the year attributable to: | | | | | |
| Owners of the Company | **(59,168,580)** | (208,951,248) | 37,406,362 | 41,169,228 | 50,819,844 |
| Non-controlling interests | **876,776** | 172,577 | – | – | – |
| | **(58,291,804)** | (208,778,671) | 37,406,362 | 41,169,228 | 50,819,844 |

## SUMMARY OF ASSETS AND LIABILITIES

| | **2017** | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| | ***RMB*** | *RMB* | *RMB* | *RMB* | *RMB* |
| Total non-current assets | **62,235,168** | 100,869,059 | 163,716,770 | 163,122,871 | 163,740,218 |
| Total current assets | **233,877,282** | 243,943,234 | 328,066,663 | 350,132,170 | 298,405,167 |
| Total current liabilities | **95,809,749** | 85,103,309 | 57,986,783 | 116,600,008 | 95,416,358 |
| Net current assets | **138,067,533** | 158,839,925 | 270,079,880 | 233,532,162 | 202,988,809 |
| Non-current liabilities | **19,811,464** | 20,925,672 | 639,800 | 904,545 | 12,147,767 |
| Net assets | **180,491,237** | 238,783,312 | 433,156,850 | 395,750,488 | 354,581,260 |
| Capital and reserves | | | | | |
| Total equity attributable to owners of the Company | **174,941,884** | 234,110,735 | 433,156,850 | 395,750,488 | 354,581,260 |
| Non-controlling interests | **5,549,353** | 4,672,577 | – | – | – |
| Total Equity | **180,491,237** | 238,783,312 | 433,156,850 | 395,750,488 | 354,581,260 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2017*

| | Notes | **2017** | 2016 |
|---|---|---|---|
| | | ***RMB*** | *RMB* |
| **Continuing operations** | | | |
| Revenue | *6* | **162,015,156** | 160,374,361 |
| Cost of sales | | **(142,222,816)** | (150,119,592) |
| Gross profit | | **19,792,340** | 10,254,769 |
| Other income and gains | *6* | **1,234,882** | 3,227,713 |
| Selling and distribution expenses | | **(10,573,430)** | (12,474,240) |
| Administrative and other expenses | | **(66,437,938)** | (36,948,915) |
| Finance costs | *7* | **(425,428)** | (638,718) |
| Share of losses of associates | | **(1,890,329)** | (4,348,914) |
| Share of profit of a joint venture | | **4,844,289** | 6,583,611 |
| Losses before income tax expense | *8* | **(53,455,614)** | (34,344,694) |
| Income tax expense | *11* | **(1,870,192)** | (503,352) |
| Losses for the year from continuing operations | | **(55,325,806)** | (34,848,046) |
| **Discontinued operations** | | | |
| Losses for the year from discontinued operations | *12* | **(3,012,125)** | (173,901,301) |
| Losses for the year | | **(58,337,931)** | (208,749,347) |
| **Other comprehensive income** | | | |
| Item that may be reclassified to profit or loss: | | | |
| Exchange differences on translating foreign operations | | **46,127** | (29,324) |
| Total comprehensive income for the year | | **(58,291,804)** | (208,778,671) |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

| | Notes | 2017 RMB | 2016 RMB |
|---|---|---|---|
| Losses for the year attributable to: | | | |
| Owners of the Company | | | |
| Losses for the year from continuing operations | | **(56,202,582)** | (35,020,623) |
| Losses for the year from discontinued operations | | **(3,012,125)** | (173,901,301) |
| | | **(59,214,707)** | (208,921,924) |
| Non-controlling interests | | | |
| Profits for the year from continuing operations | | **876,776** | 172,577 |
| | | **(58,337,931)** | (208,749,347) |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | | |
| Losses for the year from continuing operations | | **(56,156,455)** | (35,049,947) |
| Losses for the year from discontinued operations | | **(3,012,125)** | (173,901,301) |
| | | **(59,168,580)** | (208,951,248) |
| Non-controlling interests | | | |
| Profits for the year from continuing operations | | **876,776** | 172,577 |
| | | **(58,291,804)** | (208,778,671) |
| Loss per share – Basic and diluted | | | |
| – From continuing operations | | **(0.23)** | (0.14) |
| – From discontinued operations | | **(0.01)** | (0.70) |
| | *15* | **(0.24)** | (0.84) |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 31 December 2017*

| | *Notes* | **2017** **RMB** | 2016 *RMB* |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *16* | **10,689,462** | 12,599,059 |
| Intangible assets | *17* | **44,648,413** | 50,232,101 |
| Interest in a joint venture | *19* | **–** | 24,083,611 |
| Interests in associates | *20* | **–** | 1,822,595 |
| Available-for-sale financial assets | *21* | **–** | 2,250,000 |
| Deposits | *23* | **5,584,500** | 5,584,500 |
| Deferred tax assets | *29* | **1,312,793** | 4,297,193 |
| Total non-current assets | | **62,235,168** | 100,869,059 |
| **Current assets** | | | |
| Trade and bills receivables | *22* | **89,229,785** | 136,814,137 |
| Prepayments, deposits and other receivables | *23* | **71,056,673** | 21,759,873 |
| Tax recoverable | | **1,058,629** | 1,058,629 |
| Restricted bank deposits | *24* | **10,000,000** | 4,100,000 |
| Cash and cash equivalents | *25* | **53,772,080** | 80,210,595 |
| | | **225,117,167** | 243,943,234 |
| Assets classified as held for sale | *13* | **8,760,115** | – |
| Total current assets | | **233,877,282** | 243,943,234 |
| **Total assets** | | **296,112,450** | 344,812,293 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | *26* | **40,976,809** | 45,121,455 |
| Receipts in advance, other payables and accruals | *27* | **41,928,085** | 35,634,848 |
| Bank borrowings | *28* | **9,565,000** | 3,935,000 |
| Current tax liabilities | | **412,006** | 412,006 |
| | | **92,881,900** | 85,103,309 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

| | Notes | 2017 RMB | 2016 RMB |
|---|---|---|---|
| Liabilities associated with assets classified as held for sale | 13 | **2,927,849** | – |
| Total current liabilities | | **95,809,749** | 85,103,309 |
| **Net current assets** | | **138,067,533** | 158,839,925 |
| **Total assets less current liabilities** | | **200,302,701** | 259,708,984 |
| **Non-current liabilities** | | | |
| Deposits received | 27 | **10,897,805** | 10,897,805 |
| Deferred tax liabilities | 29 | **8,913,659** | 10,027,867 |
| Total non-current liabilities | | **19,811,464** | 20,925,672 |
| **Total liabilities** | | **115,621,213** | 106,028,981 |
| **NET ASSETS** | | **180,491,237** | 238,783,312 |
| **Capital and reserves attributable to owners of the Company** | | | |
| Issued capital | 30 | **2,037,681** | 2,037,681 |
| Reserves | | **172,904,203** | 232,073,054 |
| **Equity attributable to owners of the Company** | | **174,941,884** | 234,110,735 |
| Non-controlling interests | | **5,549,353** | 4,672,577 |
| **TOTAL EQUITY** | | **180,491,237** | 238,783,312 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2017*

| | Issued capital *RMB* | Share premium* *RMB* | Surplus* *RMB* | Exchange reserve* *RMB* *(Note)* | Statutory reserve* *RMB* | Retained profits* *RMB* | Equity attributable to owners of the Company *RMB* | Non-controlling interest *RMB* | Total *RMB* |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2016 | 1,996,737 | 203,009,101 | 2,000,000 | (868,778) | 7,922,791 | 219,096,999 | 433,156,850 | – | 433,156,850 |
| (Losses)/profit for the year | – | – | – | – | – | (208,921,924) | (208,921,924) | 172,577 | (208,749,347) |
| Other comprehensive income | – | – | – | (29,324) | – | – | (29,324) | – | (29,324) |
| Total comprehensive income | – | – | – | (29,324) | – | (208,921,924) | (208,951,248) | 172,577 | (208,778,671) |
| Issue of new shares by way of placements *(note 29)* | 40,944 | 9,864,189 | – | – | – | – | 9,905,133 | – | 9,905,133 |
| Arising from acquisition of a subsidiary *(note 33)* | – | – | – | – | – | – | – | 4,500,000 | 4,500,000 |
| At 31 December 2016 and 1 January 2017 | 2,037,681 | 212,873,290 | 2,000,000 | (898,102) | 7,922,791 | 10,175,075 | 234,110,735 | 4,672,577 | 238,783,312 |
| (Losses)/profit for the year | – | – | – | – | – | (59,214,707) | (59,214,707) | 876,776 | (58,337,931) |
| Other comprehensive income | – | – | – | 46,127 | – | – | 46,127 | – | 46,127 |
| Total comprehensive income | – | – | – | 46,127 | – | (59,214,707) | (59,168,580) | 876,776 | (58,291,804) |
| Disposal of a subsidiary | – | – | – | – | (271) | – | (271) | – | (271) |
| **At 31 December 2017** | 2,037,681 | 212,873,290 | 2,000,000 | (851,975) | 7,922,520 | (49,039,632) | 174,941,884 | 5,549,353 | 180,491,237 |

* *the aggregate of these reserve accounts are shown in the consolidated statements of financial position at the amounts of RMB172,904,203 and RMB232,073,054 as at 31 December 2017 and 2016 respectively.*

*Note:*

As stipulated by the relevant regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operating in the PRC are required to appropriate 10% of their profit after tax (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve until the statutory reserve balance reaches 50% of the registered capital. The transfer to this statutory reserve must be made before distribution of dividend to equity owners. The statutory reserve fund can be used to make up prior years' losses, if any.

## CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended 31 December 2017*

| | **2017** | 2016 |
|---|---|---|
| | ***RMB*** | *RMB* |
| **Losses before income tax expense** | | |
| From continuing operations | **(53,455,614)** | (34,344,694) |
| From discontinued operations | **(3,012,125)** | (174,143,650) |
| | **(56,467,739)** | (208,488,344) |
| Adjustments for: | | |
| Interest income | **(913,091)** | (441,518) |
| Finance costs | **425,428** | 638,718 |
| Amortisation of intangible assets | **5,583,688** | 2,464,389 |
| Depreciation of property, plant and equipment | **2,251,761** | 1,440,876 |
| Losses on write-off/disposals of property, plant and equipment | **282,293** | 573,921 |
| Loss on disposal of a subsidiary | **155,686** | – |
| Gain on disposal of financial assets at fair value through profit or loss | **–** | (15,411) |
| Impairment loss on trade receivables | **4,007,887** | 12,478,397 |
| Reversal of impairment loss on trade receivables | **(127,050)** | – |
| Reversal of impairment loss on prepayment, deposits, and other receivables | **–** | (1,589,804) |
| Impairment loss on prepayments, deposits and other receivables | **–** | 2,610,649 |
| Share of losses of associates | **1,890,329** | 4,348,914 |
| Share of profit on a joint venture | **(4,844,289)** | (6,583,611) |
| Impairment loss on remeasurement of assets held for sale | **12,849,322** | – |
| Impairment loss on goodwill | **–** | 156,293,197 |
| Impairment loss on intangible assets | **–** | 1,500,221 |
| **Operating losses before working capital changes** | **(34,905,775)** | (34,769,406) |
| Decrease in trade and bills receivables | **43,703,515** | 37,591,961 |
| Increase in prepayments, deposits and other receivables | **(57,627,763)** | (14,459,191) |
| Increase in trade and bills payables | **15,154,234** | 3,207,604 |
| Increase in receipts in advance, other payables and accruals | **19,518,689** | 13,468,710 |
| Purchases of financial assets at fair value through profit or loss | **–** | (10,100,000) |
| Proceed from disposal of financial assets at fair value through profit or loss | **–** | 10,115,411 |
| **Cash flows from operating activities** | **(14,157,100)** | 5,055,089 |
| Income taxes paid | **–** | (9,250,768) |
| **Net cash used in operating activities** | **(14,157,100)** | (4,195,679) |

## CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

| | *Notes* | **2017** *RMB* | 2016 *RMB* |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Balance payment in the acquisition of a subsidiary | | **–** | (40,453,688) |
| Investment in an associate | | **(3,000,000)** | (4,900,000) |
| Investment in a joint venture | | **–** | (17,500,000) |
| Disposal of a subsidiary, net of cash acquired | | **(11,116,634)** | – |
| Purchase of available-for-sale financial asset | | **–** | (2,250,000) |
| Purchases of property, plant and equipment | | **(2,022,719)** | (2,831,144) |
| Proceeds from disposals of property, plant and equipment | | **1,391,021** | 98,058 |
| Proceed from disposal of available for sale financial asset | | **2,250,000** | – |
| Interest received | | **913,091** | 441,518 |
| Increase in restricted bank deposits | | **(5,900,000)** | (4,100,000) |
| **Net cash used in investing activities** | | **(17,485,241)** | (71,495,256) |
| **Cash flows from financing activities** | | | |
| Interest paid | *34* | **(425,428)** | (638,718) |
| New borrowings | *34* | **9,565,000** | 3,935,000 |
| Repayment of borrowings | *34* | **(3,935,000)** | (1,880,000) |
| Net proceeds from issue of ordinary shares | | **–** | 9,905,133 |
| **Net cash generated from financing activities** | | **5,204,572** | 11,321,415 |
| **Net decrease in cash and cash equivalents** | | **(26,437,769)** | (64,369,520) |
| **Effect of exchange rate changes on cash and cash equivalents** | | **46,127** | (29,324) |
| **Cash and cash equivalents at the beginning of year** | | **80,210,595** | 144,609,439 |
| **Cash and cash equivalents at the end of year** | | **53,818,953** | 80,210,595 |
| **Analysis of the balances of cash and cash equivalents** | | | |
| Cash and bank balances included in cash and bank balance | *25* | **53,772,080** | 80,210,595 |
| Cash and bank balances included in assets held for sale | *13* | **46,873** | – |
| | | **53,818,953** | 80,210,595 |

# NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2017*

## 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 March 2011. The Company's registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, Cayman Islands. Its principal place of business is located at 4th Floor, No. 696 Weihai Road, Jing'an District, Postal Code – 200041, Shanghai, China.

Pursuant to a reorganisation (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries (together as the "Group") in preparation for the listing of the Company's shares on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies then comprising the Group on 1 June 2011.

One of the subsidiaries, 上海三眾華納傳媒投資管理有限公司 ("SMU"), in the Group that was established in the PRC. SMU is wholly owned by Mr. Fang Bin, one of the directors of the Company. Under the prevailing laws and regulations in the PRC, companies with foreign ownership are prohibited from engaging in the publishing of books, newspapers and periodicals and are restricted from engaging in the provision of value-added telecommunications services in the PRC. In order to enable certain foreign investors to invest in businesses of the Group, Century Linker (Hong Kong) Limited ("Century Linker") and 上海三眾企業管理諮詢有限公司 ("Shanghai SumZone Enterprise"), an indirect wholly owned subsidiary of the Company, a direct wholly owned subsidiary of Century Linker and one of the subsidiaries of the Company in the PRC, were established on 18 January 2011 and 1 June 2011 respectively.

On 1 June 2011, certain structured contracts, the exclusive consulting and service agreement, irrevocable powers of attorney, exclusive business operating agreement, exclusive option agreement and share pledge agreement (collectively the "Structured Contracts") were effectuated amongst SMU, Mr. Fang Bin, Century Linker and Shanghai SumZone Enterprise to the effect that the business operations, the decision-making power and financial and operating policies of SMU are ultimately controlled by Shanghai SumZone Enterprise.

In particular, Shanghai SumZone Enterprise undertakes to provide SMU with certain management and consulting services. In return, the Group is entitled to substantially all of the operating profits and residual benefits generated by SMU through intercompany charges levied on these services rendered. Mr. Fang Bin is also required to transfer his interests in SMU to the Group or the Group's designee upon a request made by the Group for a pre-agreed nominal consideration or the minimum value as required by the PRC laws by the time when the PRC laws and regulations allow such transfer in future. The ownership interests in SMU have also been pledged by Mr. Fang Bin to the Group in respect of the continuing obligations of SMU; and the Group is entitled to nominate and remove members of the board of directors of SMU in order to control their operating and financial decisions.

As a result of the effects of the Structured Contracts, SMU is accounted for as subsidiary of the Company for accounting purposes.

On 23 October 2017, Century Linker, SMU, Mr. Fang and Shanghai SumZone Enterprise entered into the SMU Termination Agreement whereby the parties thereto agreed that the Structured Contracts in relation to SMU would be terminated on the same day.

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in the provision for advertising, public relation and event marketing services in the PRC.

In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Company is Lapta International Limited.

## 2.1 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

### (a) Adoption of new/revised IFRSs – effective on 1 January 2017

| | |
|---|---|
| Amendments to IAS 7 | Disclosure Initiative |
| Amendments to IAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Annual Improvements to IFRSs 2014–2016 Cycle | Amendments to IFRS 12, Disclosure of Interests in Other Entities |

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

*Amendments to IAS 7 – Disclosure Initiative*

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement, note 34.

*Annual Improvements to IFRSs 2014–2016 Cycle – Amendments to IFRS 12, Disclosure of Interests in Other Entities*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of IFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

### (b) New/revised IFRSs that have been issued but are not yet effective

The following new/revised IFRSs, potentially relevant to the Company's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company.

| | |
|---|---|
| Annual Improvements to IFRSs 2014–2016 Cycle | Amendments to IFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1] |
| Annual Improvements to IFRSs 2014–2016 Cycle | Amendments to IAS 28, Investments in Associates and Joint Ventures[1] |
| Amendments to IFRS 2 | Classification and Measurement of Share-Based Payment Transactions[1] |
| IFRS 9 | Financial Instruments[1] |
| IFRS 15 | Revenue from Contracts with Customers[1] |
| Amendments to IFRS 15 | Revenue from Contracts with Customers (Clarification to IFRS 15)[1] |
| Amendments to HKAS 40 | Transfers of Investment Property[1] |
| IFRIC-Int 22 | Foreign Currency Transactions and Advance Consideration[1] |
| Amendments to IFRS 9 | Prepayment Features with Negative Compensation[2] |
| IFRS 16 | Leases[2] |
| IFRIC-Int 23 | Uncertainty over Income Tax Treatments[2] |
| Amendments to IFRSs | Annual Improvements to IFRSs 2015–2017 Cycle[2] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| IFRS 17 | Insurance Contracts[4] |

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

The Directors are in the process of assessing the impact of these new/revised IFRS and do not intend to adopt them before their respective effective dates. Other than Amendments to IAS 28, IFRS 9, IFRS 15 and IFRS 16, the Directors expect that the adoption of the new/revised IFRS above will have no material impact on the financial statements in the period of initial application. Specifically, the Group assesses the impact of Amendments to IAS 28, IFRS 9, IFRS 15 and IFRS 16 as follows:

*Annual Improvements to IFRSs 2014–2016 Cycle – Amendments to IAS 28, Investments in Associates and Joint Ventures*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of the amendments to IFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in according to IFRS.

*IFRS 9 – Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

The directors anticipate that the application of IFRS 9 in the future will have an impact on amounts reported in respect of the Group's financial performance and financial assets (e.g. impairment on trade receivables and loan receivables) resulting from early provision of credit losses using the expected loss impairment model under IFRS 9 instead of incurred loss model under IAS 39. Currently, the directors are in the midst of assessing the financial impact of the application of IFRS 9 and a reasonable estimate of the effect will be available once the detailed review is completed.

*IFRS 15 – Revenue from Contracts with Customers*

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to each performance obligation

- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors anticipate that application of IFRS 15 in the future may have an impact on the amounts reported on revenue as the timing of revenue recognition may be affected by the new standard, and more disclosures relating to revenue is required. Currently, the directors are in the midst of assessing the financial impact of the application of IFRS 15 and a reasonable estimate of the effect will be available once the detailed review is completed.

*Amendments IFRS 15 – Revenue from Contracts with customers*

The amendments to IFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

*IFRS 16 – Leases*

IFRS 16, which upon the effective date will supersede IAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease commitments of the Group in respect of office premises as at 31 December 2017 amounted to approximately RMB209,180,261 as disclosed in note 37. The directors expect the adoption of IFRS 16 as compared with the current accounting policy would have an impact on the Group's results. It is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities. In addition, the application of new requirement may result changes in measurement, presentation and disclosures as indicated above.

*Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognized in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognized only to the extent of the unrelated investors' interests in the joint venture or associate.

## 2.2 BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable IFRSs, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as the "IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statement includes the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis as explained in the accounting policies set out on note 3.

### (c) Functional and presentation currency

The functional currency of the Company is Hong Kong Dollars ("HKD"), while the financial statements are presented in Renminbi ("RMB"). As most of the Group's operations are in the PRC, the directors consider that it will be more appropriate to adopt RMB as the Group's and the Company's presentation currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

**(b) Subsidiaries**

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether "de facto" control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

**(c) Associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. The financial statements of the Group's associates are prepared using uniform accounting policies with the Group.

### (d) Joint arrangements

The group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method — see note 3(c)).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Company's interests in joint ventures are stated at cost less impairment losses, if any. Results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

**(e) Goodwill**

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

**(f) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The depreciation rates, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The depreciation rates are as follows:

| | |
|---|---|
| Office furniture and equipment | 20–33% per annum |
| Motor vehicles | 10–25% per annum |
| Leasehold improvement | over the lease term |

An asset is write down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

**(g) Intangible assets**

*(i) Acquired intangible assets*

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses. Amortisation is provided on a straight-line basis over their useful lives as follows:

| | |
|---|---|
| Customer relationship | 5 years |
| Computer software | 5 years |
| Operating leases | over the lease term |

*(ii) Impairment*

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment of assets other than financial assets in note 3(i) below).

**(h) Lease**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

*The Group as lessor*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

*The Group as lessee*

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

## (i) Impairment of assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets with finite lives; and
- interests in subsidiaries, joint venture and associates

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 3(e)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

## (j) Financial instruments

### *(i) Financial assets*

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

*Financial assets at fair value through profit or loss*

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

*Loans and receivables*

The Group's loans and receivables, including trade and bills receivables, deposits and other receivables and cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to clients (trade debtors), and also incorporate other types of contractual monetary asset.

At each reporting date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

*Available-for-sale financial assets*

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

***(ii) Impairment loss on financial assets***

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

*For Loans and receivables or Held-to-maturity investment*

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

*For Available-for-sale financial assets*

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

***(iii) Financial liabilities***

The Group's financial liabilities, including trade payables, other payables and accruals, amount due to an associate and a shareholder and bank borrowing. The Group classified them as financial liabilities at amortised cost.

*Financial liabilities at amortised cost*

Financial liabilities at amortised cost are initially recognised at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

***(iv) Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

***(v) Equity instruments***

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

***(vi) Derecognition***

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

**(k) Non-current assets held for sale and disposal groups**

Non-current assets and disposal groups are classified as held for sale when:

(i) they are available for immediate sale;

(ii) management is committed to a plan to sell;

(iii) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

(iv) an active programme to locate a buyer has been initiated;

(v) the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and

(vi) a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

(i) their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

(ii) fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

**(l) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(m) Income taxes**

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised to other comprehensive income in which case the taxes are also recognised in other comprehensive income.

**(n) Employee benefits**

*(i) Pension schemes*

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension schemes.

*(ii) Other benefits*

The Group contributes on a monthly basis to defined contribution housing, medical and other benefit plans organised by the PRC government. The PRC government undertakes to assume the benefit obligations of all existing and retired employees under these plans. Contributions to these plans by the Group are expensed as incurred. The Group has no further obligations for benefits for their qualified employees under these plans.

*(iii) Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

**(o) Government grants**

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

**(p) Foreign currency**

Transactions entered into by the Group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

**(q) Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

**(r) Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Advertising income is recognised upon the publication of the newspapers/magazines/media available to public in which the related advertisement is placed.

(ii) Revenue from provision of public relation services is recognised when the services are rendered.

(iii) Revenue from provision of event marketing services is recognised when the services are provided and the transactions can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

(iv) Revenue from sales of newspapers and magazines are recognised upon the delivery of products.

(v) Rental income under operation lease is recognised on a straight-line basis over the term of the relevant lease.

(vi) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

**(s) Related parties**

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Impairment allowances for trade and other receivables**

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgments. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

## 5. SEGMENT REPORTING

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating results derived from different segments.

The Group has three reportable segments in 2017 and 2016. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

– Traditional advertising – provision of traditional advertising services, public relation services and event marketing services.

– Wireless advertising – provision of wireless advertising services.

– Business park area management – providing operation and management services in business park area.

As disclosed in note 12 of this report, the Board of Directors (the "Board") has decided to discontinue the operation of wireless advertising business on 29 December 2016. In accordance with IFRS 5, the segment of wireless advertising service for the year ended 31 December 2017 and 2016 were classified as discontinued operations in the Group's consolidated financial statements.

### (a) Business segment

**For the year ended 31 December 2017**

| | Continuing operations | | | | Discontinued operations | |
|---|---|---|---|---|---|---|
| | Traditional advertising | Business park area management | Unallocated | Subtotal | Wireless advertising | Total |
| | *RMB* | *RMB* | *RMB* | *RMB* | *RMB* | *RMB* |
| **Results** | | | | | | |
| Revenue from external customers | 124,322,438 | 37,692,718 | – | 162,015,156 | – | 162,015,156 |
| Segment results | (22,139,146) | (11,790,440) | – | (33,929,586) | 992,266 | (32,937,320) |
| Interest income | 896,101 | 983 | – | 897,084 | 16,007 | 913,091 |
| Finance costs | (425,428) | – | – | (425,428) | – | (425,428) |
| Impairment loss on trade receivables | – | – | – | – | (4,007,887) | (4,007,887) |
| Reversal of impairment loss on trade receivables | 127,050 | – | – | 127,050 | – | 127,050 |
| Share of losses of associates | – | (1,890,329) | – | (1,890,329) | – | (1,890,329) |
| Share of profit of a joint venture | – | 4,844,289 | – | 4,844,289 | – | 4,844,289 |
| Impairment loss on remeasurement of assets held for sale | – | (12,849,322) | – | (12,849,322) | – | (12,849,322) |
| Unallocated expenses *(note (i))* | – | – | (10,229,372) | (10,229,372) | (12,511) | (10,241,883) |
| Losses before income tax expense | (21,541,423) | (21,684,819) | (10,229,372) | (53,455,614) | (3,012,125) | (56,467,739) |
| Income tax expense | – | (1,870,192) | – | (1,870,192) | – | (1,870,192) |
| Losses for the year | (21,541,423) | (23,555,011) | (10,229,372) | (55,325,806) | (3,012,125) | (58,337,931) |
| Losses for the year from continuing operations | (21,541,423) | (23,555,011) | (10,229,372) | (55,325,806) | – | (55,325,806) |
| Loss for the year from discontinued operations *(note 12)* | – | – | – | – | (3,012,125) | (3,012,125) |
| | (21,541,423) | (23,555,011) | (10,229,372) | (55,325,806) | (3,012,125) | (58,337,931) |
| **Asset and liabilities** | | | | | | |
| Reportable segment assets *(note (ii))* | 173,504,992 | 88,942,264 | 17,298,087 | 279,745,343 | 7,606,992 | 287,352,335 |
| Assets classified as held for sale | – | 5,827,849 | 2,932,266 | 8,760,115 | – | 8,760,115 |
| Reportable segment liabilities *(note (ii))* | 52,617,352 | 37,731,437 | 15,433,249 | 105,782,038 | 6,911,326 | 112,693,364 |
| Liabilities associated with assets classified as held for sale | – | 2,927,849 | – | 2,927,849 | – | 2,927,849 |
| **Other Segment information** | | | | | | |
| Depreciation and amortisation | 1,253,493 | 6,505,170 | 43,954 | 7,802,617 | 32,832 | 7,835,449 |

**For the year ended 31 December 2016**

| | Continuing operations | | | | Discontinued operations | |
|---|---|---|---|---|---|---|
| | Traditional advertising *RMB* | Business park area management *RMB* | Unallocated *RMB* | Subtotal *RMB* | Wireless advertising *RMB* | Total *RMB* |
| **Results** | | | | | | |
| Revenue from external customers | 150,882,453 | 9,491,908 | – | 160,374,361 | 20,283,308 | 180,657,669 |
| Segment results | (20,399,730) | 2,306,206 | – | (18,093,524) | (5,897,371) | (23,990,895) |
| Interest income | 365,733 | 10,105 | 39,632 | 415,470 | 26,048 | 441,518 |
| Gain on disposal financial assets at fair value through profit or loss | – | – | 15,411 | 15,411 | – | 15,411 |
| Finance costs | (630,219) | (8,499) | – | (638,718) | – | (638,718) |
| Impairment loss on trade receivables | (3,023,200) | – | – | (3,023,200) | (9,455,197) | (12,478,397) |
| Reversal of impairment loss on prepayment, deposits and other receivables | – | – | – | – | 1,589,804 | 1,589,804 |
| Impairment loss on prepayments, deposits and other receivables | – | – | – | – | (2,610,649) | (2,610,649) |
| Share of losses of associates | (1,271,509) | (3,077,405) | – | (4,348,914) | – | (4,348,914) |
| Share of profit of a joint venture | – | 6,583,611 | – | 6,583,611 | – | 6,583,611 |
| Impairment loss on goodwill | – | – | – | – | (156,293,197) | (156,293,197) |
| Impairment loss on intangible assets | – | – | – | – | (1,500,221) | (1,500,221) |
| Unallocated expenses *(note (i))* | – | – | (15,254,830) | (15,254,830) | (2,867) | (15,257,697) |
| (Losses)/profit before income tax expense | (24,958,925) | 5,814,018 | (15,199,787) | (34,344,694) | (174,143,650) | (208,488,344) |
| Income tax (expense)/credit | (199,858) | (303,494) | – | (503,352) | 242,349 | (261,003) |
| (Losses)/profit for the year | (25,158,783) | 5,510,524 | (15,199,787) | (34,848,046) | (173,901,301) | (208,749,347) |
| (Losses)/profit for the year from continuing operations | (25,158,783) | 5,510,524 | (15,199,787) | (34,848,046) | – | (34,848,046) |
| Losses for the year from discontinued operations *(note 12)* | – | – | – | – | (173,901,301) | (173,901,301) |
| | (25,158,783) | 5,510,524 | (15,199,787) | (34,848,046) | (173,901,301) | (208,749,347) |
| **Asset and liabilities** | | | | | | |
| Reportable segment assets *(note (ii))* | 208,592,960 | 108,259,236 | 11,347,700 | 328,199,896 | 16,612,397 | 344,812,293 |
| Reportable segment liabilities *(note (ii))* | 41,474,111 | 36,756,063 | 21,271,699 | 99,501,873 | 6,527,108 | 106,028,981 |
| **Other Segment information** | | | | | | |
| Depreciation and amortisation | 1,035,430 | 1,619,606 | 158,417 | 2,813,453 | 1,091,812 | 3,905,265 |
| Capital expenditure incurred during the year | 2,813,581 | – | 17,564 | 2,831,145 | – | 2,831,145 |

*Notes:*

(i) Unallocated expenses mainly include salaries, rental expenses, consultancy and professional fees for head office.

(ii) Unallocated assets mainly include cash and cash equivalent in head office and unallocated liabilities mainly include bank borrowings.

**(b) Geographical segment and information about major customers**

No geographical information is presented as the Group's operations are located in the PRC.

*Information about major customers*

For the year ended 31 December 2017, revenue from transactions with 2 customers (2016: 3 customers) from traditional advertising segment and 1 customer (2016: N/A) from business park area management segment contributed over 10% of total revenue of the Group is as follows:

| | **Year ended 31 December** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | | | | 2016 | | | |
| | **Traditional Advertising income** *RMB* | **Business park area management** *RMB* | **Wireless Advertising income** *RMB* | **Total** *RMB* | Traditional Advertising income *RMB* | Business park area management *RMB* | Wireless Advertising income *RMB* | Total *RMB* |
| Client A | **–** | **31,046,068** | **–** | **31,046,068** | – | N/A | – | N/A |
| Client B | **29,228,219** | **–** | **–** | **29,228,219** | 21,915,665 | – | – | 21,915,665 |
| Client C | **18,101,248** | **–** | **–** | **18,101,248** | N/A | – | – | N/A |
| Client D | **N/A** | **–** | **–** | **N/A** | 42,641,031 | – | – | 42,641,031 |
| Client E | **N/A** | **–** | **–** | **N/A** | 20,675,976 | – | – | 20,675,976 |

N/A: Transactions during the year did not exceed 10% of the Group's revenue.

## 6. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, comprises income from advertising, public relation services and event marketing, net of cultural business development charge. An analysis of revenue and other income and gains is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| **Continuing operations** | | |
| **Revenue:** | | |
| Advertising income | **86,511,977** | 80,725,463 |
| Public relation services income | **22,572,530** | 53,077,002 |
| Event marketing income | **16,847,943** | 18,297,431 |
| Less: cultural business development charge | **(1,610,012)** | (1,217,443) |
| | **124,322,438** | 150,882,453 |
| **Rental income** | **37,692,718** | 9,491,908 |
| **Total** | **162,015,156** | 160,374,361 |
| **Other income and gains:** | | |
| Government grants *(note)* | **162,008** | 2,653,841 |
| Gain on disposal of financial assets at fair value through profit or loss | **–** | 15,411 |
| Interest income | **897,084** | 415,470 |
| Reversal of impairment loss on trade receivables | **127,050** | – |
| Others | **48,740** | 142,991 |
| Total | **1,234,882** | 3,227,713 |

*Note:*

The government grants mainly represented supporting funds granted by regional finance bureau for enterprises registered in the region.

## 7. FINANCE COSTS

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| **Continuing operations** | | |
| **Interest on bank borrowings:** | | |
| – wholly repayable within one year | **425,428** | 638,718 |

## 8. LOSSES BEFORE INCOME TAX EXPENSE

The Group's loss before income tax expense is arrived at after charging/(crediting):

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| **Continuing operations** | | |
| Depreciation of property, plant and equipment | **2,251,761** | 1,408,044 |
| Amortisation of intangible assets | **5,583,688** | 1,405,409 |
| Minimum lease payments under operating leases for buildings | **7,312,916** | 6,856,228 |
| Employee benefit expenses (including directors' remuneration *(note 9)*: | | |
| Severance payment | **11,601,261** | – |
| Wages and salaries | **12,094,258** | 10,517,407 |
| Pension scheme contributions | **2,585,444** | 2,057,842 |
| | **26,280,963** | 12,575,249 |
| Auditor's remuneration | **1,049,219** | 1,163,802 |
| Losses on write-off/disposal of property, plant and equipment | **282,293** | 569,339 |
| Loss on disposal of a subsidiary | **155,686** | – |
| Reversal of impairment loss on trade receivables | **(127,050)** | – |
| Impairment losses on trade receivables | **4,007,887** | 3,023,200 |

## 9. DIRECTORS' REMUNERATION

Directors' remuneration paid to each of the directors of the Company is disclosed as follows:

| | Fee<br>*RMB* | Salaries, allowances and benefit in kinds<br>*RMB* | Pension scheme contributions<br>*RMB* | Total<br>*RMB* |
|---|---|---|---|---|
| **Year ended 31 December 2017** | | | | |
| *Executive directors:* | | | | |
| Mr. Fang Bin | **–** | **720,000** | **88,149** | **808,149** |
| Mr. Song Yijun | **–** | **495,708** | **87,879** | **583,587** |
| Mr. Patrick Zheng | **–** | **455,000** | **–** | **455,000** |
| Mr. Fan Youyuan | **700,000** | **80,000** | **–** | **780,000** |
| *Non-executive directors:* | | | | |
| Mr. Zhou Ruijin | **155,708** | **–** | **–** | **155,708** |
| Mr. Lin Zhiming | **155,708** | **–** | **–** | **155,708** |
| Ms. Hsu Wai Man, Helen | **155,708** | **–** | **–** | **155,708** |
| | **1,167,124** | **1,750,708** | **176,028** | **3,093,860** |

| | Fee<br>*RMB* | Salaries, allowances and benefit in kinds<br>*RMB* | Pension scheme contributions<br>*RMB* | Total<br>*RMB* |
|---|---|---|---|---|
| **Year ended 31 December 2016** | | | | |
| *Executive directors:* | | | | |
| Mr. Fang Bin | – | 720,000 | 81,520 | 801,520 |
| Mr. Song Yijun | – | 435,054 | 83,349 | 518,403 |
| Mr. Patrick Zheng | – | 455,000 | – | 455,000 |
| Mr. Fan Youyuan | 700,000 | 80,000 | – | 780,000 |
| Mr. Huang Wei | – | 33,000 | 6,750 | 39,750 |
| *Non-executive directors:* | | | | |
| Mr. Zhou Ruijin | 154,254 | – | – | 154,254 |
| Mr. Lin Zhiming | 154,254 | – | – | 154,254 |
| Ms. Hsu Wai Man, Helen | 154,254 | – | – | 154,254 |
| | 1,162,762 | 1,723,054 | 171,619 | 3,057,435 |

*Note:*

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2017 and 2016.

## 10. FIVE HIGHEST PAID EMPLOYEES

Of the five highest paid employees in the Group during the year ended 31 December 2017, four (2016: three) were directors of the Company whose emoluments are disclosed in note 9 above.

For the year ended 31 December 2017, details of the remuneration of the remaining one (2016: two) non-director, highest paid employee of the Group are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Salaries, allowances and benefits in kinds | **480,000** | 843,900 |
| Pension scheme contributions | **88,149** | 163,039 |
| | **568,149** | 1,006,939 |

During the years ended 31 December 2017 and 2016, no remuneration was paid by the Group to the Directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

## 11. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2017 and 2016.

Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. The PRC corporate income tax rate of all the PRC subsidiaries during the years ended 31 December 2017 and 2016 was 25% on their taxable profits.

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| **Continuing Operations** | | |
| Current tax – PRC corporate income tax | | |
| – tax for the year | **–** | – |
| – under provision in prior year | **–** | 199,858 |
| Deferred tax | **1,870,192** | 303,494 |
| Income tax expense | **1,870,192** | 503,352 |

The income tax expense for the year can be reconciled to the Group's profit before income tax expense in the consolidated statement of profit or loss and other comprehensive income as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| **Continuing Operations** | | |
| Losses before income tax expense | **(53,455,614)** | (34,344,694) |
| Tax on losses before income tax expense, calculated at 25% (2016: 25%) | **(13,363,904)** | (8,586,173) |
| Tax effect of share of results of associates | **472,583** | 1,087,229 |
| Tax effect of share of results of a joint venture | **(1,211,072)** | (1,645,903) |
| Tax effect of non-deductible expenses | **2,490,515** | 2,429,812 |
| Tax effect of non-taxable income | **(456,591)** | (766,896) |
| Tax effect of tax losses not recognised | **13,938,661** | 8,269,050 |
| Others | **–** | (283,767) |
| Income tax expense | **1,870,192** | 503,352 |

Pursuant to the new PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

As at 31 December 2017 and 2016, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. It is because in the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued from 1 January 2008 to 31 December 2017 in the foreseeable future. Accordingly no deferred tax liabilities have been recognised as at 31 December 2017 and 2016.

## 12. DISCONTINUED OPERATIONS

On 29 December 2016, the Board decided to discontinue the operation of the wireless advertising business. An analysis of the results and cash flows of the discontinued operations for the years ended 31 December 2017 and 2016 is as below:

| | **2017** | 2016 |
|---|---|---|
| | ***RMB*** | *RMB* |
| **Discontinued operations** | | |
| Revenue | **–** | 20,283,308 |
| Cost of sales | **–** | (17,895,426) |
| Gross profit | **–** | 2,387,882 |
| Other income and gains | **2,184,843** | 3,614,433 |
| Selling and distribution expenses | **–** | (198,939) |
| Administrative and other expenses | **(5,196,968)** | (22,153,608) |
| Impairment losses on goodwill | **–** | (156,293,197) |
| Impairment losses on intangible assets | **–** | (1,500,221) |
| Losses before income tax expense from discontinued operation (attributable to owners of the Company) | **(3,012,125)** | (174,143,650) |
| Income tax expense | **–** | (242,349) |
| Losses for the year from continuing operations | **(3,012,125)** | (173,901,301) |
| Net cash (used in)/generated from operating activities | **(278,040)** | 24,566,830 |
| Net cash used in investing activities | **–** | (40,473,952) |
| Net cash generated from financing activities | **–** | 18,831 |
| Net cash outflows | **(278,040)** | (15,888,291) |

## 13. NON-CURRENT ASSETS HELD FOR SALE

During the year ended 31 December 2017, the Group decided to market a group of investments, including (i) 100% equity interest in the Company's direct and indirect wholly-owned subsidiaries, Elegant Expert Investment Limited and 上海和斐投資管理有限公司 ("Disposal Group"), (ii) 30% equity interest in an associate, as management has the view that results of fund management business is behind their expectation, and they prefer focusing on advertising business. The directors expect the disposals will be completed before the end of January 2018. As the marketing process has already begun before the year-end, the assets with a carrying amount of approximately RMB15,749,322 and RMB 2,932,000 respectively have been classified as held for sale in the consolidated statement of financial position.

In accordance with IFRS 5, the assets classified as held for sale are measured at lower of their carrying amount immediately prior to being classified as held for sale and fair value less costs to sell. (i) For the disposal of Disposal Group, impairment loss of RMB12,800,000 was recorded as the fair value less costs to sell is lower than the assets' carrying value immediately prior to being classified as held for sale. (ii) For the disposal of an associate, no impairment losses was recorded as the fair value less costs to sell is higher than the assets' carrying value immediately prior to being classified as held for sale.

The following major classes of assets and liabilities relating to the associate and the Disposal Group has been classified as held for sale in the consolidated statement of financial position:

| | **Year ended 31 December 2017** *RMB* |
|---|---|
| Interest in an associate | **2,932,266** |
| Interest in a joint venture | **5,780,976** |
| Cash and cash equivalents | **46,873** |
| Assets classified as held for sale | **8,760,115** |
| Other payables | **2,927,849** |
| Liabilities associated with assets classified as held for sale | **2,927,849** |

## 14. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2017 (2016: Nil).

## 15. LOSS PER SHARE

### (i) For continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to owners of the Company are based on the following data:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| **Losses** | | |
| Losses for the purposes of basic and diluted loss per share | **(59,214,707)** | (208,921,924) |
| **Number of shares** | | |
| Weighted average number of ordinary shares | **251,771,079** | 250,144,559 |
| Basic and diluted loss per share | **(0.24)** | (0.84) |

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2017 and 2016.

### (ii) For continuing operations

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Losses for the year attributable to owners of the Company | **(59,214,707)** | (208,921,924) |
| Less: Losses for the year from discontinued operations | **(3,012,125)** | (173,901,301) |
| | **(56,202,582)** | (35,020,623) |
| Basic and diluted loss per share from continuing operations | **(0.23)** | (0.14) |

### (iii) For discontinued operations

Basic and diluted loss per share for discontinued operations is RMB0.01 (2016: loss per share RMB0.70), based on the losses for the year from the discontinued operations of RMB3,012,125 (2016: loss of RMB173,901,301) and the denominators detailed above for both basic and diluted loss per share.

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvement *RMB* | Office furniture and equipment *RMB* | Motor vehicles *RMB* | Total *RMB* |
|---|---|---|---|---|
| **31 December 2017** | | | | |
| Cost: | | | | |
| At 1 January 2017 | 8,393,320 | 1,275,411 | 5,129,631 | 14,798,362 |
| Additions | 239,640 | 213,079 | 1,570,000 | 2,022,719 |
| Disposals | – | – | (2,463,432) | (2,463,432) |
| Disposal of a subsidiary | – | (7,241) | – | (7,241) |
| Write off | – | (23,361) | (196,410) | (219,771) |
| At 31 December 2017 | 8,632,960 | 1,457,888 | 4,039,789 | 14,130,637 |
| Accumulated depreciation: | | | | |
| At 1 January 2017 | 226,847 | 599,880 | 1,372,576 | 2,199,303 |
| Charge for the year | 921,482 | 277,371 | 1,052,908 | 2,251,761 |
| Eliminated on disposals | – | – | (869,128) | (869,128) |
| Eliminated on write off | – | (20,265) | (120,496) | (140,761) |
| At 31 December 2017 | 1,148,329 | 856,986 | 1,435,860 | 3,441,175 |
| Net book value: | | | | |
| At 31 December 2017 | 7,484,631 | 600,902 | 2,603,929 | 10,689,462 |
| **At 1 January 2016** | – | 1,315,610 | 3,413,126 | 4,728,736 |
| Additions through business combination *(note 35)* | 8,393,320 | – | – | 8,393,320 |
| Additions | – | 134,639 | 2,696,505 | 2,831,144 |
| Disposals | – | – | (980,000) | (980,000) |
| Write off | – | (174,838) | – | (174,838) |
| At 31 December 2016 | 8,393,320 | 1,275,411 | 5,129,631 | 14,798,362 |
| Accumulated depreciation: | | | | |
| At 1 January 2016 | – | 505,253 | 736,033 | 1,241,286 |
| Charge for the year | 226,847 | 247,786 | 966,243 | 1,440,876 |
| Eliminated on disposals | – | – | (329,700) | (329,700) |
| Eliminated on write off | – | (153,159) | – | (153,159) |
| At 31 December 2016 | 226,847 | 599,880 | 1,372,576 | 2,199,303 |
| Net book value: | | | | |
| At 31 December 2016 | 8,166,473 | 675,531 | 3,757,055 | 12,599,059 |

## 17. INTANGIBLE ASSETS

| | Customer relationship *RMB* | Computer software *RMB* | Operating lease *RMB* | Total *RMB* |
|---|---|---|---|---|
| 31 December 2017 | | | | |
| Cost: | | | | |
| At 1 January 2017 and 31 December 2017 | – | 126,496 | 51,532,097 | 51,658,593 |
| Accumulated amortisation and impairment losses: | | | | |
| At 1 January 2017 | – | 33,733 | 1,392,759 | 1,426,492 |
| Charge for the year | – | 12,650 | 5,571,038 | 5,583,688 |
| At 31 December 2017 | – | 46,383 | 6,963,797 | 7,010,180 |
| Net book value: | | | | |
| At 31 December 2017 | – | 80,113 | 44,568,300 | 44,648,413 |
| 31 December 2016 | | | | |
| Cost: | | | | |
| At 1 January 2016 | 4,351,600 | 1,069,796 | – | 5,421,396 |
| Additions through business combination *(note 35)* | – | – | 51,532,097 | 51,532,097 |
| Written off | (4,351,600) | (943,300) | – | (5,294,900) |
| At 31 December 2016 | – | 126,496 | 51,532,097 | 51,658,593 |
| Accumulated amortisation and impairment losses: | | | | |
| At 1 January 2016 | 2,248,327 | 508,455 | – | 2,756,782 |
| Charge for the year | 870,320 | 201,310 | 1,392,759 | 2,464,389 |
| Written off | (3,118,647) | (676,032) | – | (3,794,679) |
| At 31 December 2016 | – | 33,733 | 1,392,759 | 1,426,492 |
| Net book value: | | | | |
| At 31 December 2016 | – | 92,763 | 50,139,338 | 50,232,101 |

## 18. INVESTMENT IN SUBSIDIARIES

The following are the details of the Group's principal subsidiaries at 31 December 2017 that would affect the results for the year or formed a substantial portion of the net assets of the Group. In the opinion of the directors, to give details of the other subsidiaries would result in excessive length.

| Name | Place of Incorporation/ establishment | Issued/Registered and paid-up share capital | Attributable equity interests held by the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Quick Motion International Limited | The British Virgin Islands | 1 ordinary share of US1, unpaid | 100% | – | Investment holding |
| Grand Rapids Mobile International Holding Ltd. | The British Virgin Islands | 1 ordinary share of US$1, paid | 100% | – | Investment holding |
| Super Captain Investment Limited | Hong Kong | HK$10,000 | 100% | – | Investment holding |
| Elegant Expert Investment Limited | Hong Kong | HK$10,000 | 100% | – | Investment holding |
| SMU | The PRC (limited liability company under the laws of the PRC) | Registered capital RMB2,000,000, fully paid | – | 100% | Provision for advertising, public relation and event market services in the PRC |
| 上海三眾廣告有限公司 ("SumZone Advertising") | The PRC (limited liability company under the laws of the PRC) | Registered capital RMB5,000,000, fully paid | – | 100% | Provision for advertising services in the PRC |
| 上海三眾營銷策劃有限公司 ("SumZone Marketing") | The PRC (limited liability company under the laws of the PRC) | Registered capital RMB5,000,000, fully paid | – | 100% | Provision for advertising services in the PRC |
| 上海巨流信息科技有限公司 ("Ju Liu Information") | The PRC (limited liability company under the laws of the PRC) | Registered capital RMB1,000,000, fully paid | – | 100% | Provision for advertising services in the PRC |
| 上海巨流軟件有限公司 ("Ju Liu Software") | The PRC (limited liability company under the laws of the PRC) | Registered capital RMB200,000, fully paid | – | 100% | Provision for advertising services in the PRC |
| 上海憬威企業發展有限公司 ("Shanghai Jingwei") | The PRC (limited liability company under the laws of the PRC) | Registered capital RMB10,000,000, fully paid | – | 90% | Provision for park area operating and management services in the PRC |

Shanghai Jingwei, a 90% owned subsidiary of the Company, has material non-controlling interests ("NCI"). Summarised financial information in relation to the NCI of Shanghai Jingwei before intra-group elimination is presented below:

**Shanghai Jingwei**

| | **2017** | 2016 |
|---|---|---|
| | ***RMB*** | *RMB* |
| **For the year ended 31 December 2017/period ended 31 December 2016 (since date of acquisition 1 October 2016)** | | |
| Revenue | **38,615,481** | 9,504,380 |
| Profits for the year | **8,767,763** | 1,725,766 |
| Total comprehensive income | **8,767,763** | 1,725,766 |
| Profits allocated to non-controlling interests | **876,776** | 172,577 |
| Dividends paid to non-controlling interest | **–** | – |
| Cash inflows from operating activities | **876,143** | 3,092,996 |
| Cash (outflows)/inflows from investing activities | **(238,658)** | 527 |
| Cash outflows from financing activities | **–** | (1,894,836) |
| Net cash inflows | **637,485** | 1,198,687 |
| Current assets | **28,703,705** | 14,180,118 |
| Non-current assets | **65,914,020** | 69,580,263 |
| Current liabilities | **(17,919,973)** | (15,830,391) |
| Non-current liabilities | **(21,204,224)** | (21,204,224) |
| Net assets | **55,493,528** | 46,725,766 |
| Accumulated non-controlling interests | **5,549,353** | 4,672,577 |

## 19. INTEREST IN A JOINT VENTURE

| | 31 December 2017 RMB | 2016 RMB |
|---|---|---|
| Share of net assets other than goodwill | **4,544,178** | 9,997,491 |
| Goodwill | **14,086,120** | 14,086,120 |
| Transferred to assets held for sale *(note 13)* | **(18,630,298)** | – |
| | **–** | 24,083,611 |

The Group has 34% (2016: 34%) interest in a material joint venture, Shanghai Lingang Cultural Industry Development Company Limited ("Shanghai Lingang"), a separate structured vehicle incorporated and operating in the PRC. The primary activity of Shanghai Lingang is providing operation and management services of large-scale park, which is in line with the Group's strategy of developing business park area management business.

The contractual arrangement provides the group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Shanghai Lingang. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised financial information of the joint venture is presented below:

**Shanghai Lingang**

| | **2016** *RMB* |
|---|---|
| Current assets | 69,367,815 |
| Non-current assets | 3,356,851 |
| Current liabilities | (43,320,281) |
| Non-current liabilities | – |
| Net assets | 29,404,385 |
| Group's share of net assets of the joint venture | 9,997,491 |
| *Included in the above amounts are:* | |
| Cash and cash equivalents | 12,118,692 |
| Current financial liabilities (excluding trade and other payables) | (9,982,283) |
| Non-current financial liabilities (excluding other payables and provision) | – |
| For the period ended 31 December (since date of acquisition 1 February 2016) | |
| Revenues | 28,666,296 |
| Profit from continuing operations | 19,363,562 |
| Other comprehensive income | – |
| Total comprehensive income | 19,363,562 |
| Dividends received by the group from the joint venture | – |
| *Included in the above amounts are:* | |
| Depreciation and amortisation | 148,692 |
| Interest income | 52,508 |
| Interest expense | – |
| Income tax expense | 6,467,681 |

## 20. INTERESTS IN ASSOCIATES

| | 31 December 2017 RMB | 2016 RMB |
|---|---|---|
| Share of net assets | **2,932,266** | 1,822,595 |
| Transferred to assets held for sale *(note 13)* | **(2,932,266)** | – |
| | **–** | 1,822,595 |

The investments in associates are unlisted equity interests and details of the Group's associate as at 31 December 2017 is as follows:

| Name | Form of business structure | Place of establishment and operation | Paid-up registered capital | Attributable equity interests indirectly held by the Company | Principal activities |
|---|---|---|---|---|---|
| 上海東上海三眾華納傳媒有限公司 ("East Shanghai SumZone") | Corporation | The PRC | RMB2,000,000 | 49% | Provision of advertising, consulting and event marketing services |
| 上海雲堡眾創空間經營管理有限公司 ("Shanghai Yunbao") | Corporation | The PRC | RMB10,000,000 | 49% | Management and operation of group innovation space |
| 上海和平濱湖健康管理發展有限公司 ("Shanghai Hepingbinhu") *(Note)* | Corporation | The PRC | RMB3,000,000 | 30% | Provision of asset management services |

The amount of unrecognised share of the associates, extracted from the relevant management account of associate, both for the year and cumulatively, are as follows:

| | *RMB* | *RMB* |
|---|---|---|
| Unrecognised share of losses of associates for the year | **1,432,998** | – |

*Note:* Shanghai Hepingbinhu is classified as assets held for sale during the year.

**Shanghai Yunbao**

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Current assets | **2,578,905** | 6,423,688 |
| Non-current assets | **2,082,316** | 497,523 |
| Current liabilities | **(7,888,941)** | (3,201,629) |
| Non-current liabilities | **(530,000)** | – |
| Net (liabilities)/assets | **(3,757,720)** | 3,719,582 |
| Group's share of the net assets of the associate | **–** | 1,822,595 |
| For the year/period ended 31 December | | |
| Revenue | **–** | – |
| Losses from continuing operations | **(6,644,068)** | (6,280,418) |
| Other comprehensive income | **–** | – |
| Total comprehensive income | **(6,644,068)** | (6,280,418) |
| Dividends received by the group from the associate | **–** | – |

In the opinion of the directors of the Company, East Shanghai SumZone is not material to the Group and the summarised financial information is set out below:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Loss for the year | **–** | (1,271,509) |
| Other comprehensive income | **–** | – |
| Total comprehensive income | **–** | (1,271,509) |

## 21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Unlisted equity securities in the PRC, at cost *(note)* | **–** | 2,250,000 |

*Note:*

(i) The Group owns 15% of this available-for-sale financial assets, the Group's COO, one of the director and his spouse hold the rest of the equity interests of this available-for-sale financial assets. Management considers that this company is the related party of the Group.

(ii) On 8 December 2017, the Group disposed 15% of this available-for-sale financial assets to an independence third party with consideration of RMB2,250,000. No gain/loss arise in this transaction.

## 22. TRADE AND BILLS RECEIVABLES

| | 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Trade receivables | **97,272,407** | 144,983,809 |
| Less: Impairment | **(8,122,622)** | (8,249,672) |
| | **89,149,785** | 136,734,137 |
| Bills receivables | **80,000** | 80,000 |
| | **89,229,785** | 136,814,137 |

The Group's trading terms with its clients are mainly on credit. The credit period is generally 60 days to 360 days. The Group seeks to apply strict control over its outstanding receivables to minimise credit risk. Although the Group's trade receivables relate to a number of clients, however, there is certain degree of concentration of credit risk. The trade receivables from the five largest debtors at 31 December 2017 represented 60% (2016: 57%) of total trade receivables, while 16% (2016: 29%) of the total receivables were due from the largest debtor. All the trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade and bills receivables as at the end of the reporting periods, based on the provision of service date, is as follows:

| | 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Not more than 1 month | **25,268,978** | 25,087,321 |
| More than 1 month but not more than 3 months | **24,138,919** | 33,289,857 |
| More than 3 months but not more than 6 months | **15,377,335** | 37,367,668 |
| More than 6 months but not more than 1 year | **24,364,553** | 40,198,403 |
| Over 1 year | **–** | 790,888 |
| | **89,149,785** | 136,734,137 |
| Bills receivables | **80,000** | 80,000 |
| | **89,229,785** | 136,814,137 |

The analysis of the Group's trade and bills receivables as at the end of each of the reporting periods, is as follows:

| | 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Neither past due nor impaired *(note i)* | **75,843,404** | 125,818,448 |
| Past due but not impaired *(note ii)*: | | |
| less than 1 month | **6,018,745** | 4,010,632 |
| 1 to 3 months | **5,367,088** | 151,515 |
| more than 3 months but less than 12 months | **2,000,548** | 6,753,542 |
| | **89,229,785** | 136,734,137 |

*Notes:*

(i) The balances that were neither past due nor impaired relate to a wide range of clients for whom there was no recent history of default.

(ii) Receivables that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The below table reconciled the impairment loss on trade receivables:

| | 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| At the beginning of the year | **8,249,672** | 123,875 |
| Reversal of impairment loss previously recognised | **(127,050)** | – |
| Impairment losses recognised | **4,007,887** | 12,478,397 |
| Bad debts written off | **(4,007,887)** | (4,352,600) |
| At the end of the year | **8,122,622** | 8,249,672 |

The Group recognised impairment losses on individual assessment based on the accounting policy stated in note 3(j)(ii).

## 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 31 December 2017 RMB | 2016 RMB |
|---|---|---|
| **Current** | | |
| Deposits | **1,552,677** | 182,458 |
| Prepayments *(note (a))* | **24,136,125** | 11,507,811 |
| Rent incentive | **17,855,005** | 10,505,334 |
| Advance payment for event marketing expenses | **743,442** | 1,467,670 |
| Other receivables *(note(b))* | **29,380,073** | 707,249 |
| | **73,667,322** | 24,370,522 |
| **Less: impairment** | **(2,610,649)** | (2,610,649) |
| | **71,056,673** | 21,759,873 |
| **Non-current** | | |
| Deposits paid that are not repayable within one year | **5,584,500** | 5,584,500 |
| | **76,641,173** | 27,344,373 |

*Notes:*

(a) At the end of the reporting period, prepayments of RMB19,019,364 (2016: RMB6,079,543) in total were paid to 4 (2016: 4) independent third party advertising media or its agents for the purchase of advertising space that to be used in the coming one to ten years. According to the agreement, these deposits and prepayments can be used to offset against the advertising cost payable to these agents.

(b) Included in other receivables were amount due from 上海三眾品牌管理有限公司 ("三眾品牌") of RMB18,501,910 (2016: N/A) and consideration receivable of RMB3,000,000 arising from disposal of 三眾品牌. These receivables have been fully settled in March 2018.

The below table reconciled the impairment losses on prepayments, deposits and other receivables:

| | 31 December 2017 RMB | 2016 RMB |
|---|---|---|
| At the beginning of the year | **2,610,649** | 1,589,804 |
| Reversal of impairment loss previously recognised | **–** | (1,589,804) |
| Impairment loss | **–** | 2,610,649 |
| At the end of the year | **2,610,649** | 2,610,649 |

The Group recognised impairment loss based on the accounting policy stated in note 3(j)(ii).

## 24. RESTRICTED BANK DEPOSITS

The Group's restricted bank deposits were denominated in RMB, and as collateral for bank borrowings. The effective interest rates on restricted bank deposits 1.80% per annum as at 31 December 2017 (2016: 1.80% per annum).

## 25. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of RMB53,501,136(2016: RMB80,210,595) are located in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC Government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 26. TRADE PAYABLES

Trade payables are non-interest-bearing. The Group is normally granted with credit terms of about 90–180 days.

An ageing analysis of the Group's trade payables as at the end of each of the reporting periods, based on the date on which service was rendered or product was received, is as follows:

| | **31 December** | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Not more than 1 month | **21,429,688** | 20,845,731 |
| More than 1 month but not more than 3 months | **9,749,790** | 11,467,583 |
| More than 3 months but not more than 6 months | **414,720** | 2,995,229 |
| More than 6 months but not more than 1 year | **1,936,330** | 5,280,708 |
| Over 1 year | **7,446,281** | 4,532,204 |
| | **40,976,809** | 45,121,455 |

## 27. RECEIPTS IN ADVANCE, OTHER PAYABLES AND ACCRUALS

| | 31 December 2017 RMB | 2016 RMB |
|---|---|---|
| **Current** | | |
| Receipts in advance from clients | **6,839,063** | 3,153,155 |
| Rent incentive | **11,503,086** | 11,980,248 |
| Other payables and accruals *(note (i))* | **23,585,936** | 7,275,994 |
| Amount due to a joint venture *(note (ii))* | **2,927,849** | 13,225,451 |
| Reclassified as held for sale | **(2,927,849)** | – |
| | **41,928,085** | 35,634,848 |
| **Non-current** | | |
| Deposits received | **10,897,805** | 10,897,805 |
| | **52,825,890** | 46,532,653 |

*Notes:*

(i) Included in other payables and accruals were amount due to 三眾品牌 of RMB11,327,491 (2016: N/A) arising from disposal of 三眾品牌. The amount due has been fully settled in March 2018.

(ii) The amount due is unsecured, interest-free and repayable on demand.

## 28. BANK BORROWINGS

| | 31 December 2017 RMB | 2016 RMB |
|---|---|---|
| **Secured interest-bearing loans** | **9,565,000** | 3,935,000 |

The secured bank borrowings of the Group were guaranteed by the subsidiary of the Group, Shanghai SumZone Enterprise, repayable within one year and a deposit of RMB10,000,000 (2016: RMB 4,100,000) (note 24) is pledged for the bank borrowings. Annual interest is charged at 4.4% (2016: 2.9% to 4.4%).

The bank borrowings are not subject to any fulfillment of covenants according to the term in the loan agreements.

## 29. DEFERRED TAX ASSETS/(LIABILITIES)

| | **Deferred tax assets in respect of tax loss** | **Deferred tax liabilities in respect of fair value surplus in respect of business combination** | **Total** |
|---|---|---|---|
| | *RMB* | *RMB* | *RMB* |
| At 1 January 2016 | – | (639,800) | (639,800) |
| Acquired through acquisition of subsidiary *(note 35)* | 4,879,239 | (10,306,419) | (5,427,180) |
| (Charged)/credited to profit or loss | (582,046) | 918,352 | 336,306 |
| At 31 December 2016 and 1 January 2017 | 4,297,193 | (10,027,867) | (5,730,674) |
| (Charged)/credited to profit or loss | (2,984,400) | 1,114,208 | (1,870,192) |
| At 31 December 2017 | 1,312,793 | (8,913,659) | (7,600,866) |

For the purpose of presentation in the consolidated statements of financial position, the deferred tax assets and liabilities have not been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

| | **31 December** | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Deferred tax assets | **1,312,793** | 4,297,193 |
| Deferred tax liabilities | **(8,913,659)** | (10,027,867) |

No deferred tax assets is recognised in relation to tax losses from certain subsidiaries due to the unpredictability of future profit streams.

## 30. SHARE CAPITAL

| | **2017 Number** | **2017 RMB** | 2016 Number | 2016 RMB |
|---|---|---|---|---|
| **Authorised:** | | | | |
| At the beginning and at the end of the year | **2,000,000,000** | **16,632,421** | 2,000,000,000 | 16,632,421 |
| **Issued and fully paid:** | | | | |
| At beginning of the year | **251,771,079** | **2,037,681** | 246,810,194 | 1,996,737 |
| Issue of shares upon by way of placements *(Note)* | **–** | **–** | 4,960,885 | 40,944 |
| At the end of the year | **251,771,079** | **2,037,681** | 251,771,079 | 2,037,681 |

*Note:*

On 29 April 2016, the Company issued 4,960,885 shares to a third-party investor (the "Investor") pursuant to the subscription agreement dated 16 November 2015 (as amended and supplemented by the supplemental agreement dated 29 February 2016) and entered into between the Company and the Investor for an aggregate of approximately HK$12,005,342 (equivalent to RMB9,908,489) with transaction costs of HK$4,000 (equivalent to RMB3,356) attributed to the issue of shares. The share capital and share premium increased by RMB40,944 and RMB9,864,189 respectively.

## 31. RESERVES

| **Company** | **Share Premium** *(note a)* *RMB* | **Exchange reserve** *(note b)* *RMB* | **Accumulated losses** *(note c)* *RMB* | **Total** *RMB* |
|---|---|---|---|---|
| At 1 January 2016 | 203,009,101 | 996,471 | (25,120,362) | 178,885,210 |
| Losses for the year | – | – | (6,565,295) | (6,565,295) |
| Other comprehensive income | – | 1,710,567 | – | 1,710,567 |
| Total comprehensive income | – | 1,710,567 | (6,565,295) | (4,854,728) |
| Issue of new shares by way of placements | 9,864,189 | – | – | 9,864,189 |
| At 31 December 2016 and 1 January 2017 | 212,873,290 | 2,707,038 | (31,685,657) | 183,894,671 |
| Losses for the year | – | – | (166,827,999) | (166,827,999) |
| Other comprehensive income | – | (1,769,374) | – | (1,769,374) |
| Total comprehensive income | – | (1,769,374) | (166,827,999) | (168,597,373) |
| At 31 December 2017 | 212,873,290 | 937,664 | (198,513,656) | 15,297,298 |

*Notes:*

(a) Share premium represents amount subscribed for share capital in excess of par value.

(b) Exchange reserve represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

(c) It represents cumulative net gains and losses recognised in profit or loss.

## 32. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

**Key management personnel compensation**

Remuneration for key management personnel of the Group, including amounts paid to the executive directors as disclosed in note 9 to the consolidated financial statements, and other senior management is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Salaries, allowances and benefits in kinds | **4,927,458** | 4,602,094 |
| Pension scheme contributions | **751,339** | 657,014 |
| | **5,678,797** | 5,259,108 |

## 33. MATERIAL INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed in note 32 to the financial statements, no contracts of significance to which the Company's subsidiary or joint venture was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

## 34. NOTES SUPPORTING CASH FLOW STATEMENT

Reconciliation of liabilities arising from financing activities:

| | **Bank borrowings** *(note 28)* *RMB* |
|---|---|
| At 1 January 2017 | 3,935,000 |
| Changes from cash flows: | |
| Proceeds from new bank borrowings | 9,565,000 |
| Repayment of bank loans | (3,935,000) |
| Interest paid | (425,428) |
| Total changes from financing cash flows: | 5,204,572 |
| Other charge: | |
| Interest expenses | 425,428 |
| At 31 December 2017 | 9,565,000 |

## 35. BUSINESS ACQUISITION

On 1 October 2016, the Group acquired 90% of the voting equity instruments of Shanghai Jingwei, a company whose principal activity is provision of operation and management service of business park area. The acquisition was made with the aims to develop new business during the year.

Pursuant to the sales and purchases agreement, the vendor undertakes that the profits of Shanghai Jingwei in the financial statements for the period from 1 September to 31 December 2016 and audited financial statements for the financial years ending 31 December 2017, 2018 and 2019 shall not be less than RMB3,000,000, RMB9,000,000, RMB9,000,000 and RMB9,000,000, respectively ("Warranted Profit"). If there is a shortfall on the Warranted Profit in the period from 1 September to 31 December 2016, 2017, 2018, 2019, there is cash compensation from the vendor to the Company. In the opinion of the Directors of the Company, the possibility of Shanghai Jingwei that does not meet the Warranted Profits is remote so that there is no contingent assets recognised for the cash compensation.

The provisional fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

| | *RMB* |
|---|---|
| Property, plant and equipment *(note 16)* | 8,393,320 |
| Intangible assets *(note 17)* | 51,532,097 |
| Trade and other receivables | 17,333,298 |
| Cash and cash equivalents | 46,312 |
| Trade and other payables | (24,997,847) |
| Borrowings | (1,880,000) |
| Deferred tax liabilities *(note 29)* | (5,427,180) |
| Non-controlling interests | (4,500,000) |
| | 40,500,000 |
| Cash consideration | 40,500,000 |
| Net cash outflows arising from acquisition: | |
| Cash consideration paid | 40,500,000 |
| Cash and cash equivalents acquired | (46,312) |
| | 40,453,688 |

Since the acquisition date, Shanghai Jingwei has contributed RMB9,491,908 and RMB1,713,294 to Group's revenue and profit. If the acquisition had occurred on 1 January 2016, the Group's revenue and loss would have been RMB206,634,177 and RMB199,245,481 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future performance.

The acquisition related costs were not material, and have been expensed and are included in administrative expenses.

## 36. DISPOSAL OF A SUBSIDIARY

On 21 December 2017, the Group disposed of its subsidiary 三眾品牌 which is engaged in the provision for advertising services in the PRC. The net assets of 三眾品牌 at the date of disposal were as follows:

| | **Carrying amount** |
|---|---|
| | *RMB* |
| Property, plant and equipment | 7,241 |
| Other receivables | 11,330,963 |
| Cash and cash equivalents | 11,116,634 |
| Trade and other payables | (19,298,881) |
| | 3,155,957 |
| Release of statutory reserve upon disposal | (271) |
| Loss on disposal of a subsidiary | (155,686) |
| Total consideration receivables | 3,000,000 |
| Net cash outflows arising from disposal: | |
| Cash and cash equivalents disposed | 11,116,634 |

## 37. OPERATING LEASE COMMITMENTS

The Group leases certain properties under operating leases. The leases for properties usually run for an initial period of one to ten years. None of the leases includes contingent rentals.

At the end of each of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payables as follows:

**The Group as lessee**

| | **31 December** | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Within one year | **30,834,647** | 24,837,495 |
| In the second to fifth years, inclusive | **101,692,065** | 98,573,962 |
| After five years | **76,653,549** | 101,281,197 |
| | **209,180,261** | 224,692,654 |

At the end of reporting date, the Group had future aggregate minimum lease receivables, under non-cancellable operating leases are as follows:

**The Group as lessor**

| | 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Within one year | **26,586,600** | 26,586,600 |
| In the second to fifth years, inclusive | **111,664,800** | 105,460,450 |
| After five years | **109,005,060** | 152,873,760 |
| | **247,256,460** | 284,920,810 |

## 38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

**Financial assets**

The Group's financial assets as at the end of each of the reporting period which are categorised as loans and receivables are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| **Available-for-sale financial assets:** | | |
| Unlisted investment | **–** | 2,250,000 |
| **Loans and receivables** | | |
| Trade and bills receivables | **89,229,785** | 136,814,137 |
| Financial assets included in deposits and other receivables | **36,940,537** | 7,621,723 |
| Restricted bank deposits | **10,000,000** | – |
| Cash and cash equivalents | **53,772,080** | 84,310,595 |
| | **189,942,402** | 230,996,455 |

**Financial liabilities**

The Group's financial liabilities as at the end of each of the reporting period which are categorised as financial liabilities at amortised cost are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2017** | 2016 |
| | ***RMB*** | *RMB* |
| Financial liabilities measured at amortised cost | | |
| Trade payables | **40,976,809** | 45,121,455 |
| Financial liabilities included in accrued liabilities and other payables | **35,089,023** | 31,399,250 |
| Bank borrowings | **9,565,000** | 3,935,000 |
| | **85,630,832** | 80,455,705 |

## 39. FINANCIAL RISK, CAPITAL MANAGEMENT AND FAIR VALUE

The Group has various financial assets and liabilities such as trade and other receivables, trade and other payables and bank borrowing, which arise directly from its operation.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

**Foreign currency risk**

The Group's monetary assets, liabilities and transactions are principally denominated in RMB, which is the functional currency of the Company except for the cash and bank balances of RMB270,201 (2016: RMB124,513) that are denominated in Hong Kong Dollars ("HKD"). It is estimated that upon an appreciation or depreciation of 4% (2016: 2%) in HKD against RMB, with all other variables held constant, the impact on profit before income tax expense would not be significant. The Group currently does not have a foreign currency hedging policy, but management is closely monitoring the Group's foreign exchange exposure.

**Credit risk**

The most significant financial assets of the Group are trade receivables and other receivables. The Group trades only with recognised and creditworthy clients and the receivable balances are monitored on an ongoing basis and on an individual basis. The Group had a certain degree of concentration of credit risk, details please refer to note 22 and note 23. Given the credit worthiness and reputation of the major debtors, management believes the risk arising from concentration is manageable and not significant.

The Group is not exposed to significant credit risk in relation to other financial assets such as cash and cash equivalents, as the bank deposits are placed in the bank with high credit-ratings.

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The maturity profile of the Group's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, was less than one year. The discounting impact of the Group's financial liabilities is insignificant.

### Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders and issue new shares. For capital management purpose, the directors of the Company regard the total equity presented on the consolidated statement of financial position as capital. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

### Fair value

The carrying amounts of the financial assets and financial liabilities carried at amortised cost, in the consolidated financial statements approximate their fair values due to the relative short term maturity of these financial instruments.

## 40. SHARE OPTION SCHEME

On 10 April 2012, the Group has adopted the share option scheme (the" Scheme"). The Scheme is for a period of ten years commencing from 10 April 2012 whereby the Directors of the Company at its absolute discretion grant any employee of the Group, director, consultant or adviser of our Group, to take up options to subscribe for shares of the Company. The terms and conditions of the grant were determined by the Directors at the time of grant. The exercisable period of an option was not to exceed a period of ten years commencing on 10 April 2012. The options gave the holder the rights to subscribe for ordinary shares in the Company. A nominal consideration of HK$1 was payable by the grantee upon acceptance of an option. Options were lapsed if the employee leaves the Group.

No share options were granted during the year ended 31 December 2017 and 2016.

## 41. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

| | 2017 | 2016 |
|---|---|---|
| | *RMB* | *RMB* |
| **Assets** | | |
| **Non-current assets** | | |
| Investments in subsidiaries | **16,096** | 161,682,763 |
| **Current assets** | | |
| Prepayments and other receivables | **409,658** | 638,913 |
| Amounts due from subsidiaries | **37,240,768** | 38,829,799 |
| Cash and cash equivalents | **621,933** | 106,965 |
| **Total current assets** | **38,272,359** | 39,575,677 |
| **Total assets** | **38,288,455** | 201,258,440 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Other payables and accruals | **2,477,105** | 2,556,063 |
| Amounts due to subsidiaries | **8,911,371** | 8,835,025 |
| Bank borrowings | **9,565,000** | 3,935,000 |
| **Total current liabilities** | **20,953,476** | 15,326,088 |
| **Net current assets** | **17,318,883** | 24,249,589 |
| **Total assets less current liabilities** | **17,334,979** | 185,932,352 |
| **Total liabilities** | **20,953,476** | 15,326,088 |
| **NET ASSETS** | **17,334,979** | 185,932,352 |

| | Note | **2017** RMB | 2016 RMB |
|---|---|---|---|
| **Capital and reserve attributable to owners of the Company** | | | |
| Issued capital | | **2,037,681** | 2,037,681 |
| Share premium | *31* | **212,873,290** | 212,873,290 |
| Exchange reserve | *31* | **937,664** | 2,707,038 |
| Accumulated losses | *31* | **(198,513,656)** | (31,685,657) |
| **TOTAL EQUITY** | | **17,334,979** | 185,932,352 |

## 42. EVENT AFTER THE REPORTING DATE

(i) On 18 January 2018, Branding China Group Limited has entered to the Equity Transfer Agreement with Da Mau International Limited of transferring 100% of equity interest of Elegant Expert Investment Limited, a direct wholly owned subsidiary, to Da Mau International Limited at the consideration of RMB2,900,000.

(ii) The Company was informed by the existing shareholders (Vendors) that on 24 January 2018, East Harvest Global Limited (the Offeror), the Vendors and ultimate beneficial owners of the vendors (the Guarantors) entered into the Sale and Purchase Agreement in relation to the sale and purchase of 187,510,194 Sale Shares for the total consideration of HK$595,811,702 (equivalent to approximately HK$3.18 per Sale Share). The completion of sales and purchases of the sales share took place on 25 January 2018.

## 43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2017.

## BUSINESS REVIEW

### Intensified business transformation and change of business structure of the Group

The Group continued its business transformation and optimized its business structure during the Review Period. Basing on the business development of last year, the Group persisted in implementing the strategic plan of business transformation during the Review Period by downsizing our traditional media business in light of the continual weakness of traditional media and sudden rise of innovative services while retaining the brand communication business derived from non-traditional media to support the steady development of park area business, forming a sound synergy and stable business operation.

### Financial Overview

The Group recorded a total revenue (after deducting cultural business development charge) of RMB162,015,156 for the year ended 31 December 2017 (the "Year"), representing a decrease of approximately 10.32% or RMB18,642,513, from RMB180,657,669 for the year ended 31 December 2016 ("FY2016").

The total gross profit of the Group was RMB19,792,340 for the Year, representing an increase of approximately 56.55% or RMB7,149,689, from RMB12,642,651 for FY2016. The gross profit margin increased to approximately 12.22% for the Year from 7.00% recorded for FY2016.

The net loss of the Group decreased from RMB208,749,347 recorded for FY2016 to RMB58,337,931 recorded for the Year.

Loss per share of the Group for the Year was RMB0.24 cents.

## CONTINUING OPERATIONS

### Revenue

The revenue (after deducting cultural business development charge) of the Group was RMB162,015,156 for the Year (FY2016: RMB160,374,361), representing an increase of approximately 1.02% as compared with FY2016. The revenue of advertising business was RMB124,322,438 (FY2016: RMB150,882,453), and the revenue from park management rental fees was RMB37,692,718 (FY2016:RMB9,491,908). The revenue of advertising business decreased by RMB26,560,015 as compared with last year. Such decrease was mainly because (i) the Group terminated wireless advertisement business on 29 December 2016, which resulted in decrease in revenue of advertising business; and (ii) the Group was affected by the recession in motor industry that some clients reduced their budget on advertising, which resulted in the shrink in revenue.

**Cost of Sales and Gross Profit**

As at 31 December 2017, the Group's cost of sales mainly comprised expenses and costs for procuring advertising space, author's remuneration, event organizing and production costs, staff costs of sales staff as well as leasing costs. The Group's cost of sales for the Year was RMB142,222,816, representing a decrease of approximately 5.26% or approximately RMB7,896,776 as compared with RMB150,119,592 for FY2016. The cost of sales decreased correspondingly with the declined revenue.

For the Year, the Group recorded a gross profit of RMB19,792,340, representing an increase of approximately RMB9,537,571 as compared to approximately RMB10,254,769 for FY2016. For the Year, the Group's gross profit margin was 12.22% (gross profit margin for FY2016: 6.39%). The increase in gross profit and gross profit margin was mainly because the revenue from park management rental fees with relatively higher gross profit increased significantly.

**Selling and Distribution Expenses**

Selling and distribution expenses decreased by approximately RMB1,900,810 from RMB12,474,240 for FY2016 to approximately RMB10,573,430 for the Year, which was mainly because the selling expenses dropped correspondingly with the declined revenue.

**Administrative and Other Expenses**

Administrative and other expenses for the Year increased significantly by RMB29,489,023 to RMB66,437,938 as compared to that for FY2016. Such decrease was mainly due to (i) impairment loss on trade receivables and (ii) impairment loss on remeasurement of assets held for sale.

**Human Resources Cost**

The Group's remuneration policy was formulated with reference to the industry practices and the performance of individual employees. During the Year, the total staff cost was RMB26,280,963 (for FY2016: RMB12,575,249).

**Discontinued Business Operations**

On 29 December 2016, the Group discontinued the business operation of its wireless advertising. During the Review Period, no revenue was generated from the discontinued business operations (FY2016: approximately RMB20,283,308). The selling expenses was Nil (2016: approximately RMB198,939), while the administrative and other costs amounted to RMB5,196,968 (2016: approximately RMB22,153,608). The discontinued business operations recorded loss of approximately RMB3,012,125 (2016: approximately RMB173,901,301).

## Capital Resources and Liquidity

As at 31 December 2017, the total equity attributable to the Group's shareholders was RMB180,491,237, including statutory reserves of RMB7,922,520. The Group had cash and bank balances amounting to RMB53,772,080. The Group's working capital was RMB138,067,533. With the Group's steady cash inflow from operations, together with its existing cash and bank balance on hand, the Group has adequate financial resources to fund the working capital required for its development plans in the coming year.

As at 31 December 2017, borrowings of the Group amounted to RMB9,565,000.

## Gearing Ratio

The gearing ratio of the Group was 0.209 and 0.075 as at 31 December 2017 and 31 December 2016, respectively. Gearing ratio is the ratio of total liabilities less cash and bank balance to total assets.

## Treasury Policy

It is the Group's treasury management policy not to engage in any investment or speculative derivative instrument with high risks. During the Year, the Group continued to adopt a prudent approach in financial risk management and did not employ any material financial instrument for hedging purposes. Most of the assets, receipts and payments of the Group was denominated in Renminbi.

## Significant Investments Held

There were no significant investments held by the Company as at 31 December 2017.

## Charge on the Group's Assets

As at 31 December 2017, the Group had cash at banks amounting to approximately RMB10,000,000, which was pledged for bank borrowings granted to the Group.

## Contingent Liabilities

As at 31 December 2017, the Group did not have any significant contingent liabilities.

## Foreign Exchange Risk

The Group mainly operates in China with most of its transactions settled in Renminbi. Some of the Group's bank deposits are denominated in Hong Kong dollar. The directors of the Company (the "Directors") are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the Year, the risks associated with foreign currency exchange rates have no significant impact on the business performance of the Group.

## SUBSTANTIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal of subsidiaries and associated companies by the Group during the Year.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Year.

## PROSPECTS

The Group is in the process of business transformation and short-term pain is inevitable. However, we will uphold the business transformation strategy by centralizing our efforts and resources and persistently optimizing our business model. We believe that there will be a bright future.

In addition, as a listed corporation, the Group will also continue strictly complying with the Listing Rules, pursuing positive and steady development, and creating greater value for shareholders, employees and the society.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining sound corporate governance standards and procedures to ensure the timeliness, transparency and completeness of its information disclosure, and strives to achieve a more standardised operational and effective management, so as to safeguard investors' interests as a whole to the greatest extent.

The Board is responsible for performing the corporate governance duties, which includes formulation and review of the Company's policies and practices on corporate governance, review and monitor of the Company's policies and practices on compliance with legal and regulatory requirements, formulation, review and monitor of the code of conduct and Compliance Manual applicable to employees and directors, as well as review of the Company's compliance with the Corporate Governance Code in Appendix 14 to the Listing Rules (the "Corporate Governance Code") and disclosure in the Corporate Governance Report.

The Directors consider that the Company continuously complied with all the code provisions of the Corporate Governance Code during the Review Period.

## DIVIDEND

The Board does not recommend payment of any dividend for the Year.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company has undergone a change in controlling shareholder after East Harvest Global Limited executed the sale and purchase agreement on 24 January 2018 acquiring 187,510,194 ordinary shares of the Company, representing approximately 74.48% of the then entire issued share capital of the Company. The transaction contemplated under the aforesaid sale and purchase agreement was completed on 25 January 2018.

Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, East Harvest Global Limited is required to make a mandatory unconditional cash offer for all the issued shares of the Company (other than those already owned or to be acquired by the East Harvest Global Limited and the parties acting in concert with it). For further details, please refer to the announcements of the Company dated 30 January 2018, 20 February 2018 and 14 March 2018, respectively.

Save as disclosed in this annual result announcement, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 December 2017 and up to the date of this annual result announcement.

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") had reviewed the audited financial statements and annual results announcement of the Group for the Year. Members of the Audit Committee were of the opinion that the preparation of such results announcement has complied with the applicable accounting standards and the Listing Rules and that adequate disclosure had been made.

## PUBLICATION

This annual results announcement of the Company is published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk) and the Company (http://www.brandingchinagroup.com/) respectively. The 2017 annual report will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
**Branding China Group Limited**
**Fang Bin**
*Chairman*

Shanghai, the PRC, 29 March 2018

*As at the date of this announcement, the executive Directors are Mr. Fang Bin, Mr. Fan Youyuan, Mr. Patrick Zheng, Mr. Huang Wei and Mr. Song Yijun; and the independent non-executive Directors are Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen.*