SHIFANG HOLDING LIMITED
十 方 控 股 有 限 公 司

(incorporated in the Cayman Islands and re-domiciled and continued in Bermuda with limited liability)

(Stock code: 1831)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- Revenue of the Group increased by 26.7% from RMB43.4 million for the year ended 31 December 2017 to RMB55.0 million for the year ended 31 December 2018.
- The gross profit of the Group increased by 54.2% from RMB12.0 million for the year ended 31 December 2017 to RMB18.5 million for the year ended 31 December 2018.
- The Group recorded a net loss of RMB164.6 million for the year ended 31 December 2018, which is mainly attributable to the (a) higher professional fees arising from project acquisitions; (b) increase in provision for an onerous operating lease; and (c) fair value loss on financial assets at fair value through profit or loss.
- The Group recorded a basic loss of RMB0.0790 per share (prior to the Capital Reorganisation) for the year ended 31 December 2018 as compared to RMB0.0390 for the year ended 31 December 2017.
- The Board does not recommend the payment of any final dividend for the year ended 31 December 2018.

The board of directors (the "**Board**") of ShiFang Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces the consolidated results of the Group for the year ended 31 December 2018 together with the comparative figures for the year of 2017.

The financial information set out in this announcement below does not constitute the Group's consolidated financial statements for the year ended 31 December 2018 but represents an extract from those financial statements. The consolidated financial statements have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

		2018	2017
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*5*	**67,426**	14,707
Intangible assets	*6*	**283,912**	532
Interests in an associate		**1,635**	–
Available-for-sale financial asset		**–**	84,726
Prepayments, deposits and other receivables	*10*	**37,689**	105,826
		390,662	205,791
Current assets			
Inventories		**1,420**	1,224
Properties held for sale	*7*	**24,622**	34,519
Financial assets at fair value through profit or loss	*8*	**6,173**	–
Trade receivables – net	*9*	**7,858**	6,068
Contract assets – net		**2,173**	–
Prepayments, deposits and other receivables	*10*	**9,593**	3,803
Amounts due from related parties		**820**	740
Cash and cash equivalents		**33,880**	60,178
		86,539	106,532
Total assets		**477,201**	312,323

	Note	2018 RMB'000	2017 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**191,994**	123,919
Share premium	*15*	**851,682**	816,907
Other reserves		**53,914**	48,904
Accumulated deficits		**(922,308)**	(750,092)
		175,282	239,638
Non-controlling interests		**12,680**	7,969
Total equity		**187,962**	247,607
LIABILITIES			
Non-current liabilities			
Promissory notes	*11*	**81,552**	–
Deferred income tax liabilities	*12*	**51,723**	120
Loans from a related party		**87,132**	–
		220,407	120
Current liabilities			
Trade payables	*13*	**4,597**	4,513
Other payables and accrued expenses	*13*	**34,046**	30,464
Borrowings	*14*	**8,377**	9,113
Current income tax liabilities		**21,184**	20,031
Amounts due to related parties		**628**	475
		68,832	64,596
Total liabilities		**289,239**	64,716
Total equity and liabilities		**477,201**	312,323

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	**2018**	2017
		RMB'000	*RMB'000*
Revenue	*3*	**55,016**	43,428
Cost of sales	*16*	**(36,521)**	(31,472)
Gross profit		**18,495**	11,956
Selling and marketing expenses	*16*	**(3,439)**	(5,476)
General and administrative expenses	*16*	**(88,053)**	(66,066)
Net fair value loss on financial assets at fair value through profit or loss	*8*	**(84,498)**	–
Other income		**917**	587
Operating loss		**(156,578)**	(58,999)
Finance income	*17*	**111**	3,381
Finance costs	*17*	**(7,260)**	–
Finance (costs)/income – net	*17*	**(7,149)**	3,381
Share of losses of an associate		**(165)**	–
Loss before income tax		**(163,892)**	(55,618)
Income tax expense	*18*	**(705)**	(713)
Loss for the year		**(164,597)**	(56,331)
(Loss)/profit attributable to:			
– Owners of the Company		**(164,403)**	(56,493)
– Non-controlling interests		**(194)**	162
		(164,597)	(56,331)

	Note	2018	2017
		RMB'000	*RMB'000*
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Currency translation differences		**(2,571)**	1,904
Other comprehensive (loss)/income for the year		**(2,571)**	1,904
Loss and total comprehensive loss for the year		**(167,168)**	(54,427)
(Loss)/profit and total comprehensive (loss)/income attributable to:			
– Owners of the Company		**(166,974)**	(54,589)
– Non-controlling interests		**(194)**	162
		(167,168)	(54,427)
Loss per share for loss attributable to owners of the Company			
– Basic *(RMB per share)*	*19*	**(0.0790)**	(0.0390)
– Diluted *(RMB per share)*	*19*	**(0.0790)**	(0.0390)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

ShiFang Holding Limited (the "Company") is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the business of publishing and advertising (the "Publishing and Advertising Businesses") in the People's Republic of China (the "PRC"). The Group has been focusing on restructuring its publishing and advertising businesses by consolidating with cultural media and film media business in PRC.

The Company was incorporated in the Cayman Islands on 9 December 2009 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands.

The Company announced on 18 January 2019 that the Company proposed to change the domicile of the Company from the Cayman Islands to Bermuda by way of discontinuation in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change has been effective on 18 March 2019 (Bermuda time).

The address of its registered office has been changed from PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands to Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda after the change of domicile.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2019.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of ShiFang Holding Limited have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Details of the critical accounting judgements and estimates applied to prepare the Group's consolidated financial statements to be included in the 2018 annual report.

The accounting policies and methods of computation used in preparing the consolidated financial statements of the Group as extracted from the Group's consolidated financial statements are consistent with those followed in preparing the annual financial statements of the Group for the year ended 31 December 2017, except for the adoption of the following amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2018.

(i) Amendments to standards effective in 2018

Amendment to IFRS 1	First time adoption of IFRS
Amendment to IFRS 2	Classification and measurement of share-based payment transactions
Amendment to IFRS 4	Applying IFRS 9 financial instruments with IFRS 4 insurance contracts
IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
Amendment to IFRS 15	Clarifications to IFRS 15
Amendment to IAS 28	Investments in associates and joint ventures
Amendment to IAS 40	Transfers of investment property
IFRIC 22	Foreign currency transactions and advance consideration

The Group had to change its accounting policies and make certain reptrospective adjustments on the opening consolidated balance sheet on 1 January 2018 following the adoption of IFRS 9 and IFRS 15. The adoption of other amendments to standards did not have any material impact on the consolidated financial statements for the current year or any prior years.

(ii) New standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group

Amendments to IFRS 9	Prepayment features with negative compensation[1]
Amendments to IAS 19	Defined benefit plan amendment, curtailment or settlement[1]
Amendments to IAS 28	Long-term interests in associates and joint ventures[1]
IFRS 16	Leases[1]
IFRIC 23	Uncertainty over income tax treatment[1]
Annual improvements project	Annual Improvements 2015-2017 Cycle[1]
Amendments to IFRS 3	Definition of a business[2]
Amendments to IAS 1 and IAS 8	Definition of material[2]
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting[2]
IFRS 17	Insurance contract[3]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]

[1] *Effective for annual periods beginning on or after 1 January 2019*

[2] *Effective for annual periods beginning on or after 1 January 2020*

[3] *Effective for annual periods beginning on or after 1 January 2021*

[4] *Effective date to be determined*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 16 Leases

The standard provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the consolidated balance sheet. Instead, all leases must be recognised in the form of assets (for the right of use) and financial liabilities (for the payment obligations) in the consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation.

The Group is a lessee of certain office spaces which are currently classified as operating leases. The Group's current accounting policy for such leases is to record the rental expenses in the Group's consolidated statements of comprehensive income for the year with the related operating lease commitments being separately disclosed.

The new standard will therefore result in an increase in assets and financial liabilities in the consolidated balance sheet. As for the impact on financial performance in the consolidated statement of comprehensive income, operating lease charges will decrease, and amortisation and interest expense will increase.

As at 31 December 2018, the Group had non-cancellable operating lease commitments of RMB9,102,000. Of these commitments, approximately RMB579,000 relate to short-term leases and RMB15,000 to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately RMB5,401,000 on 1 January 2019, lease liabilities of RMB5,924,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018) and deferred income tax assets of RMB103,000. Overall net assets will be approximately RMB420,000 lower, and net current assets will be RMB1,999,000 lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net profit after tax will decrease by approximately RMB175,000 for the year ending 31 December 2019 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows will decrease by approximately RMB1,658,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the consolidated financial statements. However, some additional disclosures will be required from next year.

The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses).

2.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers" on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods. Certain of the Group's accounting policies have been changed to comply with the adoption of IFRS 9 and IFRS 15.

(a) Impact on the consolidated financial statements

As a result of the changes in the entity's accounting policies, prior year consolidated financial statements had to be restated. As explained in Note 2.2(b) below, IFRS 9 was generally adopted by the Group without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated consolidated balance sheet as at 31 December 2017, but are recognised in the opening consolidated balance sheet on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more details by standard below.

Consolidated balance sheet (extract)	**As originally presented 31 December 2017**	**IFRS 15**	**IFRS 9**	**Restated 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Financial assets at fair value through profit or loss	–	–	84,726	84,726
Available-for-sale financial asset	84,726	–	(84,726)	–
Current assets				
Contract assets	–	1,000	(26)	974
Trade receivables – net	6,068	(1,000)	(206)	4,862
Equity attributable to owners of the Company				
Available-for-sale financial asset fair value reserve	(7,063)	–	7,063	–
Accumulated deficits	(750,092)	–	(7,295)	(757,387)

(b) IFRS 9, "Financial Instruments" – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9, "Financial Instruments" from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The total impact on the Group's accumulated deficits as at 1 January 2018 is as follows:

	Notes	2018 RMB'000
Closing accumulated deficits 31 December 2017		**(750,092)**
Reclassify investments from available-for-sale to fair value through profit or loss ("FVTPL")	*(i)*	**(7,063)**
Increase in provision for trade receivables and contract assets	*(ii)*	**(232)**
Adjustment to accumulated deficits from adoption of IFRS 9 on 1 January 2018		**(7,295)**
Opening accumulated deficits 1 January 2018		**(757,387)**

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Notes	FVTPL RMB'000	Available-for-sale RMB'000
Closing balance 31 December 2017 – IAS 39		–	84,726
Reclassify investments from available-for-sale to FVTPL	*(a)*	84,726	(84,726)
Opening balance 1 January 2018 – IFRS 9		84,726	–

The impact of these changes on the Group's equity is as follows:

	Notes	Effect on available-for sale financial asset fair value reserve *RMB'000*	Effect on accumulated deficits *RMB'000*
Closing balance 31 December 2017			
– IAS 39		(7,063)	(693,579)
Reclassify investments from available-for-sale to FVTPL	*(a)*	7,063	(7,063)
Opening balance 1 January 2018			
– IFRS 9		–	(700,642)

(a) Reclassification from available-for-sale to FVTPL

An investment in 55% of the income right of a movie was reclassified from available-for-sale to financial assets at FVTPL (RMB84,726,000 as at 1 January 2018). They do not meet the IFRS 9 criteria for classification at amortised cost or at fair value through other comprehensive income, because their cash flows do not represent solely payments of principal and interest.

Related fair value loss of RMB7,063,000 were transferred from the available-for-sale financial assets fair value reserve to accumulated deficits on 1 January 2018. For the year ended 31 December 2018, net fair value loss of RMB84,726,000 relating to this investment was recognised in profit or loss.

(ii) Impairment of assets under IFRS 9

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under IAS 39. The Group has three types of assets that are subject to IFRS 9's new expected credit loss model:

- Trade receivables
- Contract assets
- Financial assets at amortised cost, including deposits and other receivables, and amounts due from related parties

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's accumulated deficits and equity is disclosed above.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The Group applies the simplified approach to measure expected credit losses that uses a lifetime expected credit loss for all trade receivables and contract assets.

The provision for impairment of trade receivables and contract assets as at 31 December 2017 reconcile to the opening provision for impairment on 1 January 2018 as follows:

	Contract assets *RMB'000*	Trade receivables *RMB'000*
At 31 December 2017		
– calculated under IAS 39	–	13,752
Amount restated through opening accumulated deficits	26	206
Opening provision for impairment as at 1 January 2018		
– calculated under IFRS 9	26	13,958

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

Impairment on other financial assets at amortised cost are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. The Group has concluded that the impact of expected credit losses on the other financial assets is insignificant as at 1 January 2018.

(c) IFRS 15, "Revenue from Contracts with Customers" – Impact of adoption

The Group has adopted IFRS 15, "Revenue from Contracts with Customers", from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively. In summary, the following adjustments were made to the amounts recognised in the consolidated balance sheet at the date of initial application (1 January 2018):

	Notes	IAS 18 carrying amount *RMB'000*	Reclassification *RMB'000*	IFRS 15 carrying amount *RMB'000*
Trade receivables – net	*(i)*	6,068	(1,000)	5,068
Contract assets	*(i)*	–	1,000	1,000
Other payables and accrued expenses – Receipts in advance	*(i)*	6,245	(6,245)	–
Other payables and accrued expenses – Contract liabilities	*(i)*	–	6,245	6,245

The amounts above are before the adjustments from the adoption of IFRS 9, including increases in the provision for impairment of trade receivables and contract assets (Note 2.2(b)).

(i) Presentation of assets and liabilities related to contracts with customers

The Group has also changed the presentation of certain amounts in the consolidated balance sheet to reflect the terminology of IFRS 15:

- Contract assets recognised in relation to the marketing and promotion contracts were previously presented as part of trade receivables – net (amounted to RMB974,000 as at 1 January 2018, net of impairment allowance)

- Contract liabilities were previously presented as part of other payables and accrued expenses – receipts in advance (amounted to RMB6,245,000 as at 1 January 2018)

3 Revenue

Revenue from external customers are mainly derived from the provision of newspaper advertising services to advertisers in the PRC, the provision of marketing and consulting services and printing services. The total sales amount of the Group's five largest customers is RMB18,642,000 for the year ended 31 December 2018 (2017: RMB18,648,000). An analysis of the Group's revenue for the year is as follows:

	2018	2017
	RMB'000	*RMB'000*
Newspaper advertising	**6,952**	7,210
Marketing and consulting services	**39,498**	31,668
Printing services	**4,765**	4,550
Others	**3,801**	–
	55,016	43,428

	2018	2017
	RMB'000	*RMB'000*
Timing of revenue recognition		
– At a point in time	**40,821**	39,846
– Over time	**14,195**	3,582
	55,016	43,428

During the year ended 31 December 2018, no customer of the Group accounted for more than 10% of the Group's revenue (2017: revenue derives from a customer of the Group amounted to RMB5,633,000 which accounted for more than 10% of the Group's revenue).

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2018	2017
	RMB'000	*RMB'000*
Contract assets *(Note (i))*	**2,224**	–
Less: Provision for impairment *(Note (ii))*	**(51)**	–
Contract assets – net	**2,173**	–
Contract liabilities *(Note (iii) and 13)*	**5,649**	–
Total contract liabilities	**5,649**	–

Notes:

(i) Contract assets represent the Group's right to consideration in the exchange for services that the Group has transferred to customer. The contract assets are transferred to trade receivables when the right to bill the customer has established and receipt of the consideration is conditional only on the passage of time.

(ii) The Group expects that contract assets have the same risk characteristics as trade receivables.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS from 1 January 2018 (Note 2.2). As at 31 December 2018, a provision of RMB51,000 was made against the gross amount of contract assets.

(iii) Contract liabilities represent receipts in advance of non-refundable payments made by customers.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of the year, recognised during the year relates to carried-forward contract liabilities.

	2018	2017
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**1,092**	1,179

(iv) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from newspaper advertising services contracts:

	2018	2017
	RMB'000	*RMB'000*
Newspaper advertising services	**5,649**	– *

* *As permitted under the transitional provisions in IFRS 15, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 December 2017 is not disclosed.*

Management expects the above unsatisfied (or partially satisfied) contracts will be recognised as revenue during the next reporting period.

4 Segment information

The Executive Directors have been identified as the chief operating decision maker ("**CODM**"). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Executive Directors assess the performance of the Group's advertising, marketing, consulting and printing businesses from both geographic and product perspectives. From a product perspective, management takes into consideration of the economic benefits of abovementioned businesses as a whole when executing a centralised assessment of the performance as the CODM considers they are mutually dependent and inseparable. Geographically, management considers the Group's businesses activities are included in a single reportable segment in accordance with IFRS 8 "Operating segments". As such, no segment information is presented.

5 Property, plant and equipment

	Land and buildings	**Leasehold improvement**	**Machinery**	**Fixture, furniture and equipment**	**Motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017						
Cost	4,681	7,940	32,123	8,439	8,064	61,247
Accumulated depreciation	–	(2,279)	(26,820)	(5,711)	(4,614)	(39,424)
Accumulated impairment losses	–	–	(1,730)	–	–	(1,730)
Net carrying amount	4,681	5,661	3,573	2,728	3,450	20,093
Year ended 31 December 2017						
Opening net carrying amount	4,681	5,661	3,573	2,728	3,450	20,093
Additions	–	499	–	382	–	881
Disposals	–	–	–	–	(571)	(571)
Depreciation *(Note 16)*	(234)	(2,334)	(1,092)	(589)	(1,145)	(5,394)
Currency translation differences	–	(358)	–	91	(35)	(302)
Closing net carrying amount	4,447	3,468	2,481	2,612	1,699	14,707
At 31 December 2017						
Cost	4,681	8,104	32,123	8,770	6,720	60,398
Accumulated depreciation	(234)	(4,636)	(27,912)	(6,158)	(5,021)	(43,961)
Accumulated impairment losses	–	–	(1,730)	–	–	(1,730)
Net carrying amount	4,447	3,468	2,481	2,612	1,699	14,707

	Land and buildings *RMB'000*	Construction in progress *RMB'000*	Leasehold improvement *RMB'000*	Machinery *RMB'000*	Fixture, furniture and equipment *RMB'000*	Motor vehicles *RMB'000*	Exhibition animals *RMB'000*	Total *RMB'000*
Year ended 31 December 2018								
Opening net carrying amount	4,447	–	3,468	2,481	2,612	1,699	–	14,707
Acquisition of subsidiaries *(Note 21)*	16,900	–	–	–	–	–	–	16,900
Acquisition of assets through acquisition of subsidiary	–	–	–	–	707	–	4,293	5,000
Additions	24,567	7,597	1,737	–	452	220	–	34,573
Transfer	3,418	–	–	–	–	–	–	3,418
Disposals	–	–	–	–	(11)	–	–	(11)
Depreciation *(Note 16)*	(675)	–	(1,732)	(679)	(455)	(600)	(143)	(4,284)
Impairment	–	–	(1,227)	(1,802)	–	–	–	(3,029)
Currency translation differences	–	–	83	–	52	17	–	152
Closing net carrying amount	48,657	7,597	2,329	–	3,357	1,336	4,150	67,426
At 31 December 2018								
Cost	49,565	7,597	10,071	32,123	9,675	6,970	4,293	120,294
Accumulated depreciation	(908)	–	(6,515)	(28,591)	(6,318)	(5,634)	(143)	(48,109)
Accumulated impairment losses	–	–	(1,227)	(3,532)	–	–	–	(4,759)
Net carrying amount	48,657	7,597	2,329	–	3,357	1,336	4,150	67,426

During the year ended 31 December 2018, certain buildings with net book value of RMB3,418,000 (2017: Nil) were transferred from properties held for sale.

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of comprehensive income as follows:

	2018	2017
	RMB'000	*RMB'000*
Cost of sales	**1,192**	1,194
General and administrative expenses	**3,092**	4,200
Total	**4,284**	5,394

6 Intangible assets

	Computer software	Non-compete agreement	Goodwill	Customer relationships	Trademark	Web site	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017							
Cost	3,127	11,500	12,573	14,500	9,400	8,476	59,576
Accumulated amortisation	(2,656)	(11,500)	–	(14,500)	(6,176)	(8,476)	(43,308)
Accumulated impairment losses	(410)	–	(12,573)	–	(2,265)	–	(15,248)
Net carrying amount	61	–	–	–	959	–	1,020
Year ended 31 December 2017							
Opening net carrying amount	61	–	–	–	959	–	1,020
Amortisation *(Note 16)*	(9)	–	–	–	(479)	–	(488)
Closing net carrying amount	52	–	–	–	480	–	532
At 31 December 2017							
Cost	3,127	11,500	12,573	14,500	9,400	8,476	59,576
Accumulated amortisation	(2,665)	(11,500)	–	(14,500)	(6,655)	(8,476)	(43,796)
Accumulated impairment losses	(410)	–	(12,573)	–	(2,265)	–	(15,248)
Net carrying amount	52	–	–	–	480	–	532

	Computer software *RMB'000*	Non-compete agreement *RMB'000*	Goodwill *RMB'000*	Customer relationships *RMB'000*	Trademark *RMB'000*	Web site *RMB'000*	Right to a land lease *RMB'000*	Township operation right *RMB'000*	Total *RMB'000*
Year ended 31 December 2018									
Opening net carrying amount	52	–	–	–	480	–	–	–	532
Additions	12	–	–	–	–	–	–	28,000	28,012
Acquisition of subsidiaries *(Note 21)*	–	–	66,058	–	–	–	193,439	–	259,497
Amortisation *(Note 16)*	(7)	–	–	–	(480)	–	(3,171)	(471)	(4,129)
Closing net carrying amount	57	–	66,058	–	–	–	190,268	27,529	283,912
At 31 December 2018									
Cost	3,139	11,500	78,631	14,500	9,400	8,476	193,439	28,000	347,085
Accumulated amortisation	(2,672)	(11,500)	–	(14,500)	(7,135)	(8,476)	(3,171)	(471)	(47,925)
Accumulated impairment losses	(410)	–	(12,573)	–	(2,265)	–	–	–	(15,248)
Net carrying amount	57	–	66,058	–	–	–	190,268	27,529	283,912

The amortisation of intangible assets has been charged to "General and administrative expenses" in the consolidated statement of comprehensive income.

Due to the acquisition of Supreme Glory Limited on 8 May 2018, the Group recognised intangible assets of RMB193,439,000, deferred income tax liabilities of RMB52,571,000 and goodwill of RMB66,058,000.

For the purpose of impairment testing, goodwill has been allocated to a cash generating unit, Supreme Glory Limited and its subsidiaries that operate the Beijing Shihua Caves Niaoyulin Project. During the year ended 31 December 2018, the basis of determining the recoverable amount of Beijing Shihua Caves Niaoyulin Project and the major underlying assumptions are summarised below:

The recoverable amount has been determined based on fair value less cost of disposal method. That calculation uses cash flow projections based on financial budgets approved by the Directors covering a 5-year period, and at a post-tax discount rate of 14.16%. The cash flows beyond the 5-year period are extrapolated using a constant growth rate of 3% per annum.

For the year ended 31 December 2018, management does not foresee any significant change in the key assumptions used in the fair value less cost of disposal calculations that will cause the recoverable amount of goodwill to be less than their carrying amount.

7 Properties held for sale

The Group's properties held for sale includes the following:

	2018	2017
	RMB'000	*RMB'000*
Properties held for sale	**24,622**	34,519

The properties in the PRC were received in exchange of advertising services to real estate developers in the PRC. The Group's intention is to sell these properties and, accordingly, such rights are recognised as properties held for sale upon the completion of the advertising sales transaction if the related properties are ready to be sold.

Management assessed the fair value less costs to sell of the properties with reference to their market value with the assistance of an independent property valuer. Valuation methodologies used in the valuation included direct market comparable approach and income approach which are within Level 2 and Level 3 of the fair value hierarchy respectively. For direct market comparable approach, observable inputs other than quoted prices within Level 1 included market price of comparable properties adjusted having regard to the location, size and nature of the properties (Level 2). For income approach, unobservable inputs included expected rent income, growth rate and discount rate (Level 3). There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. For the year ended 31 December 2018, the management compared the carrying amount and fair value less costs to sell of the properties and made further impairment provision of RMB4,252,000 (2017: Nil) (Note 16).

Cash flows associated with the disposal of properties held for sale are presented under "Operating activities" in the consolidated statement of cash flows. The gain or loss on disposal and impairment loss of properties held for sale are recorded in "General and administrative expenses" in the consolidated statement of comprehensive income.

8 Financial assets at fair value through profit or loss

	Investment in a movie income right *RMB'000* *(Note (i))*	Investment in network drama *RMB'000* *(Note (ii))*	Total *RMB'000*
As at 1 January 2018	–	–	–
Reclassification from available-for-sale financial assets *(Note 2.2(a))*	84,726	–	84,726
Restated on 1 January 2018	84,726	–	84,726
Acquisition of subsidiaries *(Note 21)*	–	5,945	5,945
Fair value (loss)/gain on financial assets at fair value through profit or loss	(84,726)	228	(84,498)
As at 31 December 2018	–	6,173	6,173

(i) Investment in a movie income right

On 22 February 2016, the Group entered into a movie investment agreement with Shanghai Hehe Film Investment Co., Ltd. ("Shanghai Hehe"), a movie executive producer in China, pursuant to which the Group has agreed to acquire 55% of the income right of a movie, Ip Man 3, for 30 years. The purchase consideration of HK$131,168,000 (equivalent to RMB110,000,000) was paid on 23 February 2016. Shanghai Hehe guaranteed to the Group that the total income from the income right within 1 year after the first release date will not be less than RMB16,500,000. During the year ended 31 December 2016, Shanghai Hehe acknowledged that the Group could, at minimum, receive RMB128,580,000 from the investment, of which RMB10,000,000 was already settled. The remaining balance was due on 3 January 2017 which was 10 months after the first PRC release date of the movie. Shanghai Hehe has not yet settled the balance up to the date of this report.

As at 31 December 2018, management has observed objective evidence showing that there is a significant deterioration in credit quality of the counterparty. The Group has assessed the recoverability of the investment in the movie income right, by evaluating past settlement record, the Group's communications with Shanghai Hehe and credit profile of Shanghai Hehe, and considered the fair value of the investment in movie income right is close to zero.

A fair value loss of RMB84,726,000 relating to this investment was recognised in the consolidated statement of comprehensive income during the year ended 31 December 2018 (2017: Nil).

(ii) Investment in a network drama

On 8 May 2018, the Group has acquired an investment in a network drama through the acquisition of subsidiaries as disclosed in Note 21. Pursuant to the investment agreement on 22 May 2017, a wholly-owned subsidiary of Supreme Glory Limited has agreed to acquired 20% of the income right in a network drama for a consideration of RMB6,000,000.

The fair value estimation of the investment was based on the cash flows discounted using a rate based on the market interest rate and risk premium specific to the investment. Significant unobservable inputs involved in the fair value measurement included the expected timing of settlement and discount rate, which are within level 3 of the fair value hierarchy. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements for the year ended 31 December 2018.

For the year ended 31 December 2018, a fair value gain of RMB228,000 relating to this investment was recognised in the consolidated statement of comprehensive income.

9 Trade receivables – net

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**10,331**	19,820
Less: provision for impairment of trade receivables	**(2,473)**	(13,752)
Trade receivables – net	**7,858**	6,068

The payment terms with customers are mainly cash on delivery and on credit. The credit periods range from 30 days to 365 days after the end of the month in which the relevant sales occurred. Aging analysis of the Group's trade receivables based on invoice date was as follows:

	2018	2017
	RMB'000	*RMB'000*
1 – 30 days	**3,942**	1,133
31 – 60 days	**780**	252
61 – 90 days	**470**	417
91 – 180 days	**954**	1,755
181 – 365 days	**1,800**	272
Over 1 year	**2,385**	15,991
	10,331	19,820
Less: provision for impairment of trade receivables	**(2,473)**	(13,752)
Trade receivables – net	**7,858**	6,068

The carrying amounts of the Group's trade receivables are denominated in RMB.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. This resulted in an increase of the loss allowance on 1 January 2018 by RMB206,000 for trade receivables.

As at 31 December 2018, trade receivables of RMB2,473,000 (2017: RMB13,752,000) were impaired and provided for. For the year ended 31 December 2018, the amounts of the reversal of provision credited to the consolidated statement of comprehensive income were RMB607,000 (2017: provision charged to the consolidated statement of comprehensive income of RMB718,000).

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

10 Prepayments, deposits and other receivables

	2018	2017
	RMB'000	*RMB'000*
Non-current portion		
Prepayment for acquisition of properties *(Note (i))*	**–**	24,211
Deposit for a proposed acquisition *(Note (ii))*	**–**	28,315
Deposit and prepayment for township development *(Note (iii))*	**22,000**	22,000
Prepayment for township operation right *(Note (iii))*	**–**	28,000
Long term prepayment *(Note (iv))*	**–**	138,000
Deposits to a newspaper publisher *(Note (iv))*	**–**	30,000
Prepayment for property, plant and equipment	**11,761**	–
Prepayment for acquisition of a subsidiary	**3,000**	–
Rental deposits	**428**	3,300
Other deposits	**500**	–
	37,689	273,826
Less: Provision for impairment *(Note (iv))*	**–**	(168,000)
Prepayments, deposits and other receivables – net	**37,689**	105,826

	2018	2017
	RMB'000	*RMB'000*
Current portion		
Prepayment to a newspaper publisher *(Note (iv))*	**–**	89,103
Other prepayments	**772**	2,283
Rental deposit	**4,120**	171
Deposits and other receivables *(Note (iv))*	**4,701**	15,535
	9,593	107,092
Less: Provision for impairment *(Note (iv))*	**–**	(103,289)
Prepayments, deposits and other receivables – net	**9,593**	3,803

The carrying amounts of the Group's prepayments, deposits and other receivables are denominated in the following currencies:

	2018	2017
	RMB'000	*RMB'000*
RMB	**43,405**	77,023
HK$	**3,877**	32,606
	47,282	109,629

(i) Prepayment for acquisition of properties

As at 31 December 2017, prepayment for acquisition of properties represents the prepayment paid by the Group to Xiamen Information Group Ltd. for the purchase of certain commercial premises located within Xiamen Software Park III. Total consideration for the properties is RMB22,164,000, out of which RMB15,470,000 were financed by mortgage loans on the properties granted by a bank to the Group. Details of the mortgage loans are disclosed in Note 14. During the year, the Group has capitalised borrowing costs amounting to RMB356,000 (2017: RMB585,000) on the prepayment. As at 31 December 2018, the prepayments amounted to RMB24,567,000 were utilised in the acquisition of properties and the properties were recognised in the property, plant and equipment upon transfer of ownership.

(ii) Deposit for a proposed acquisition

Pursuant to the acquisition agreement signed on 8 May 2017, the Group conditionally agreed to acquire and the sellers of Supreme Glory Limited conditionally agreed to sell the entire equity interest in Supreme Glory Limited for a consideration of HK$340,000,000. As at 31 December 2017, the Group paid HK$34,000,000 (equivalent to approximately RMB28,315,000) as a deposit for the acquisition. The deposit is non-interest bearing and is refundable if the acquisition is terminated. The deposit has been subsequently utilised upon completion of the acquisition on 8 May 2018 (Note 21).

(iii) ***Deposit and prepayment for township development and prepayment for township operation right***

Pursuant to the framework agreement entered into by the Group with Yongtai Government on 15 September 2017, Yongtai Government agreed to form a long-term strategic cooperation with the Group regarding the development and operation of the Township Project. Under the framework agreement, the Group shall pay a deposit of RMB50,000,000 to Yongtai Government, which can be utilised for participating in open tender auctions to be organised by the Yongtai Government for land use rights, assets, grant of lease and/or operation rights circulation within the project site.

During the year ended 31 December 2017, the Group entered into an operation right agreement with the Yongtai Government for the acquisition of a 40-years' exclusive operation right to develop, construct, manage and operate commercial activities such as tourism, sightseeing, resort, culture, sports and entertainment in the operation site at a consideration of RMB28,000,000. The consideration of RMB28,000,000 is deducted from the RMB50,000,000 refundable deposit placed by the Group with Yongtai Government under the framework agreement. The prepayment of RMB28,000,000 has been subsequently utilised upon completion of the acquisition on 19 April 2018.

As at 31 December 2018, the remaining deposit of RMB22,000,000 is intended to be utilised for township development and is classified as a prepayment for township development.

(iv) ***Provision for impairment***

As at 31 December 2017, certain prepayments and deposits amounting to RMB271,289,000 were fully impaired and provided for in prior years. During the year ended 31 December 2018, these prepayments and deposits amounting to RMB271,289,000 that have been provided for in prior year have been written off.

11 Promissory notes

On 8 May 2018, promissory notes with principal amount of HK$100,000,000 was issued by the Company, which carries interest at 5.5% per annum and repayable on the third anniversary of the date of issue, to the sellers of Supreme Glory Limited to satisfy part of the consideration for the acquisition (Note 21). The fair value of the promissory notes amounted to approximately HK$88,740,000 (equivalent to approximately RMB71,982,000) on 8 May 2018 and was estimated by discounted cash flow model. The fair value estimates are based on discounted rate of 9.1% to 10.2% (depending on the time to the expected coupon or principal payment) with reference to yield-to-maturity of similar bonds in the market which is a level 3 fair value measurement in the fair value hierarchy.

During the year ended 31 December 2018, interest payable of approximately RMB5,096,000 was charged to "finance costs" (31 December 2017: Nil). For the year ended 31 December 2018, the effective interest rate of the promissory notes is 10.7%.

The carrying amounts of the promissory notes are as follows:

	As at 31 December 2018	As at 31 December 2017
	RMB'000	*RMB'000*
Promissory notes	**81,552**	–

12 Deferred income tax

The analysis of deferred income tax liabilities is as follows:

	2018	2017
	RMB'000	*RMB'000*
Deferred income tax liabilities		
– to be reversed after more than 12 months	**50,861**	–
– to be reversed within 12 months	**862**	120
	51,723	120

The movements on the deferred income tax liabilities are as follows:

	Intangible assets	
	2018	2017
	RMB'000	*RMB'000*
At 1 January	**120**	240
Acquisition of subsidiaries *(Note 21)*	**52,571**	–
Recognised in the consolidated statement of comprehensive income *(Note 18)*	**(968)**	(120)
At 31 December	**51,723**	120

No deferred income tax asset has been recognised in respect of estimated tax losses of RMB108,285,000 as at 31 December 2018 (2017: RMB111,547,000) as it is not probable that the relevant subsidiaries of the Group will generate taxable profit to utilise the tax losses in the foreseeable future. Such tax losses have an expiry period of five years.

13 Trade payables, other payables and accrued expenses

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**4,597**	4,513
Other payables and accrued expenses:		
Accrued utility expenses and other liabilities	**3,026**	3,495
Accrued salaries and welfare	**7,436**	5,675
Value added tax and other taxes payable	**3,886**	3,716
Other payables	**9,830**	10,517
Deposits from customers	**1,317**	816
Receipt in advance	**–**	6,245
Contract liabilities *(Note 3)*	**5,649**	–
Provision for an onerous operating lease	**2,902**	–
	34,046	30,464
	38,643	34,977

Payment terms granted by suppliers are mainly cash on delivery and on credit. The credit periods range from 30 days to 365 days after end of the month in which the relevant purchase occurred.

The aging analysis of the trade payables based on the invoice date is as follows:

	2018	2017
	RMB'000	*RMB'000*
1 – 30 days	**641**	547
31 – 90 days	**406**	598
Over 90 days	**3,550**	3,368
	4,597	4,513

The carrying amounts of the Group's trade payables are all denominated in RMB.

14 Borrowings

	2018	2017
	RMB'000	*RMB'000*
Secured bank borrowings – current *(Note (i))*	**6,877**	9,113
Other borrowing – current *(Note (ii))*	**1,500**	–
	8,377	9,113

Note (i):

The maturity of the bank borrowings based on scheduled repayment dates set out in the loan agreements and excluding the repayment on demand clause is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**2,229**	2,229
Between 1 and 2 years	**2,230**	2,230
Between 2 and 5 years	**2,418**	4,654
	6,877	9,113

As at 31 December 2018, the mortgage loans were classified as current liabilities due to the related loan agreements containing a repayment on demand clause which gives the bank unconditional right to call the loans at any time.

The mortgage loans are secured by the ownership rights of the properties and the personal guarantee of Zheng Bai Ling and Zhang Hui, a key management and the spouse of a key management of a subsidiary of the Group.

The mortgage terms are 7 years and are denominated in RMB. The mortgage loans are carried at quarterly adjusted floating interest rate of 1.15 times the benchmark loan interest rate as prescribed by the People's Bank of China for loans of a similar length. The effective interest rate for the year is 7.15% (2017: 5.71%) per annum.

Note (ii):

As at 31 December 2018, the balance is unsecured, carries an interest rate at 6% per annum with a term of 2 years, and is repayable on demand. The balance is denominated in RMB.

15 Share capital

	Number of ordinary shares	**Nominal value of ordinary shares** *HK$*	**Equivalent nominal value of ordinary shares** *RMB'000*	**Share premium** *RMB'000*	**Total** *RMB'000*
Authorised:					
Ordinary shares of HK$0.1 each at 1 January 2018 and 31 December 2017 *(Note (a))*	2,000,000,000	0.1			
Addition of authorised ordinary shares *(Note (b))*	8,000,000,000	0.1			
At 31 December 2018	10,000,000,000	0.1			
Issued:					
Ordinary shares at 31 December 2017 and 1 January 2018	1,448,330,121	144,833,012	123,919	816,907	940,826
Issuance of ordinary shares *(Note (c))*	289,666,000	28,966,600	23,461	9,792	33,253
Issuance of ordinary shares as consideration for acquisition of subsidiaries, net of cash acquired *(Note (d))*	550,000,000	55,000,000	44,614	24,983	69,597
At 31 December 2018	2,287,996,121	228,799,612	191,994	851,682	1,043,676

Notes:

(a) Prior to 19 April 2018, the Company had an authorised share capital of HK$200 million divided into 2,000,000,000 shares of HK$0.1 each.

(b) The Company's shareholders approved the increase in the authorised share capital of the Company from HK$200,000,000 divided into 2,000,000,000 shares to HK$1,000,000,000 divided into 10,000,000,000 shares by creation of additional 8,000,000,000 shares through an extraordinary general meeting on 19 April 2018.

(c) The Company issued 289,666,000 shares at the placing price of HK$0.145 per share on 26 January 2018 (representing 16.67% of the total issued ordinary shares of the Company as enlarged by the issuance) to certain subscribers. The related transaction costs of RMB765,000 have been netted off against share premium.

(d) The Company issued 550,000,000 shares by way of consideration shares at the nominal issue price of HK$0.25 per share (but initially recognised at HK$0.156 per share, being the closing price of the shares on the date of issue) on 8 May 2018 (representing 24.04% of the total issued ordinary shares of the Company as enlarged by the issuance) as part of the consideration to the sellers of Supreme Glory Limited (Note 21).

16 Expenses by nature

Loss before income tax is stated after charging/(crediting) the following:

	2018	2017
	RMB'000	*RMB'000*
Cost of newspaper advertising		
– Media costs	**2,879**	4,008
Cost of printing services:		
– Raw materials	**3,621**	2,018
– Other costs	**507**	435
Depreciation *(Note 5)*	**4,284**	5,394
Amortisation *(Note 6)*	**4,129**	488
Auditor's remuneration	**4,579**	3,675
– Audit services	**3,437**	3,675
– Non-audit services	**1,142**	–
Operating lease charges in respect of land and buildings	**8,403**	13,318
Net loss on disposal of property, plant and equipment	**–**	222
Gain on disposals of properties held for sale	**(193)**	(753)
Provision for impairment of trade receivables, net of trade receivables written back *(Note 9)*	**(607)**	(293)
Provision for impairment of contract assets	**25**	–
Provision for impairment of property, plant and equipment *(Note 5)*	**3,029**	–
Provision for an onerous operating lease	**8,958**	–
Provision for impairment of properties held for sale *(Note 7)*	**4,252**	–
Legal and professional fee	**13,266**	3,395
Net foreign exchange losses	**6,328**	11,584
Employee benefit expenses (including directors' emoluments)	**46,099**	43,531
Business tax	**1,471**	437

17 Finance (costs)/income – net

	2018	2017
	RMB'000	*RMB'000*
Finance income:		
Interest income on short-term bank deposits	**111**	430
Interest income on available-for-sale financial asset	**–**	2,951
Total finance income	**111**	3,381
Finance costs:		
Interest expense on bank borrowings	**(459)**	(585)
Less: amounts capitalised on qualifying assets *(Note 10(i))*	**356**	585
	(103)	–
Interest expense on promissory notes	**(5,096)**	–
Interest on loans from a related party	**(2,061)**	–
Total finance costs	**(7,260)**	–
Finance (costs)/income – net	**(7,149)**	3,381

18 Income tax expense

	2018	2017
	RMB'000	*RMB'000*
Current income tax expense		
Mainland China enterprise income tax		
– Current tax expense	**1,673**	833
	1,673	833
Deferred income tax credit	**(968)**	(120)
	705	713

The Group has no assessable income arising in or derived from Hong Kong during the years ended 31 December 2018 and 2017.

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities in the respective jurisdictions as follows:

	2018	2017
	RMB'000	*RMB'000*
Loss before income tax	**(163,892)**	(55,618)
Tax calculated at domestic rates applicable to profits of the entities in the respective jurisdictions	**(29,149)**	(10,263)
Tax effects of:		
Income not subject to tax	**(5)**	(841)
Expenses not deductible for tax purposes	**25,268**	8,922
Tax losses for which no deferred income tax asset was recognised	**4,853**	3,408
Utilisation of previously unrecognised tax losses	**(262)**	(513)
	705	713

The weighted average applicable tax rate was 17.8% (2017: 18.5%). The decrease is mainly caused by certain subsidiaries in Hong Kong which were entitled to lower applicable tax rate.

19 Loss per share

(a) Basic

Basic loss per share for the years is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017
Loss attributable to owners of the Company *(RMB'000)*	**(164,403)**	(56,493)
Weight average number of shares in issue, including bonus element *(thousands)*	**2,080,163**	1,448,330
Basic loss per share *(RMB per share)*	**(0.0790)**	(0.0390)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares during the year ended 31 December 2018 (2017: same).

20 Dividend

No dividend has been declared by the Company since its incorporation.

21 Business combination

Acquisition of Supreme Glory Limited

On 8 May 2017, the Company entered into an acquisition agreement with the sellers of Supreme Glory Limited, pursuant to which the Group has conditionally agreed to acquire the entire equity interest in Supreme Glory Limited to be satisfied by the followings:

(i) Cash consideration of HK$102,500,000 (equivalent to approximately RMB83,144,000) including HK$34,000,000 (equivalent to approximately RMB27,579,000) refundable deposit and remaining cash consideration of HK$68,500,000 (equivalent to approximately RMB55,565,000);

(ii) Promissory notes in principal amount of HK$100,000,000 (equivalent to approximately RMB81,160,000) issued by the Company, which carries interest at 5.5% per annum and repayable on the third anniversary of the date of issue; and

(iii) 550,000,000 ordinary shares of the Company.

On 8 May 2018, all the conditions precedent under the acquisition agreement have been fulfilled and the entire equity interest of Supreme Glory Limited has been transferred to the Company. The acquisition has been completed on the same day, which the Group has acquired the control over Supreme Glory Limited as the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect its variable returns.

Goodwill of approximately RMB66,058,000 arose from the acquisition as the purchase consideration included amounts in relation to the benefit of management expertise of Supreme Glory Limited, eight signed cooperative agreements and one cooperative agreements that are in negotiation process, which cannot be recognised separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purpose.

The following table summarises the consideration paid and the fair value of the assets acquired and liabilities assumed at the acquisition date:

As at 8 May 2018	*HKD'000*	*RMB'000*
Consideration:		
– Cash deposit	34,000	27,579
– Remaining cash consideration	68,500	55,565
– Fair value of the promissory notes *(Note 11)*	87,034	70,598
– Fair value of the consideration shares *(Note 15)*	85,800	69,597
Fair value of consideration as at 8 May 2018		223,339
Recognised amounts of identifiable assets acquired and liabilities assumed:		
– Property, plant and equipment		16,900
– Right to a land lease		193,439
– Financial asset at fair value through profit or loss *(Note 8)*		5,945
– Cash and cash equivalent		14
– Prepayments		84
– Accruals and other payables		(11)
– Amount due to a related party		(6,519)
– Deferred income tax liabilities		(52,571)
Total identifiable net assets		157,281
Goodwill		66,058

	2018	2017
	RMB'000	*RMB'000*
Cash consideration:		
– Cash deposit	**–**	29,945
– Remaining cash consideration	**55,565**	–
Cash and cash equivalent in subsidiaries acquired	**(14)**	–
Net outflow of cash and cash equivalents included in cash flows from investing activity	**55,551**	29,945

For the acquired businesses, management engaged an independent valuer in assisting the valuation of the identifiable assets and liabilities as at the acquisition date.

The acquired businesses contributed revenue of RMB6,388,000 and net profit of RMB1,404,000 recognised in the consolidated statement of comprehensive income for the period from 8 May 2018 to 31 December 2018.

Had Supreme Glory Limited been consolidated from 1 January 2018, the consolidated statement of comprehensive income for the year ended 31 December 2018 would show pro-forma loss for the year of RMB165,786,000.

22 Subsequent events

(i) On 24 January 2019, the Company entered into the convertible bond subscription agreement with TopBig International Development Limited (the "Subscriber"), a company wholly-owned by Mr. Chen Zhi, the Executive Director and a shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the 3% convertible bonds (the "Convertible Bonds") in the aggregate principal amount of HK$250,000,000 (equivalent to RMB215,750,000).

The initial conversion price of the Convertible Bonds is HK$0.24 per conversion share following the Capital Reorganisation (equivalent to HK$0.06 per share prior to the Capital Reorganisation), subject to adjustment. The Convertible Bond matures at the day falling on the third anniversary of the date of issue of the convertible bonds and the conversion period covers the period commencing on the date of issue of the Convertible Bonds and ending on maturity date.

Assuming full conversion of the Convertible Bonds at the initial conversion price of HK$0.24 per conversion following the Capital Reorganisation, the Convertible Bonds will be convertible into up to 1,041,666,666 shares (on the basis of the consolidated shares after the Capital Reorganisation becoming effective).

The Convertible Bonds and the new Shares to be issued upon conversion of the Convertible Bonds (The "Conversion Shares") shall be allotted and issued by the Company pursuant to the specific mandate granted by the independent shareholders of the Company to the Directors at the extraordinary general meeting of the Company held on 8 March 2019.

(ii) On 15 November 2018, a 60%-owned subsidiary of the Group entered into a sale and purchase agreement with certain sellers to acquire 71.43% equity interest in Zhang Ping Nong Bo Hui New Specialized Farmers' Cooperative (the "Target Company") at a consideration of RMB3,000,000. The conditions precedent to the acquisition are not fully fulfilled and the acquisition has not been completed as at 31 December 2018 and up to the date of this report.

(iii) On 1 February 2019, the Board of Directors proposed to implement a capital reorganisation ("Capital Reorganisation") which involves:

(a) the share consolidation of every four issued and unissued existing shares of HK$0.10 each into one consolidated share of HK$0.40 each;

(b) the capital reduction such that the nominal value of each issued consolidated share be reduced from HK$0.40 to HK$0.01; and

(c) the share subdivision of each unissued consolidated share of HK$0.40 each into forty new shares of HK$0.01 each.

The Capital Reorganisation is subject to the fulfilment of conditions, and the expected effective date of the Capital Reorganisation is 10 April 2019. Upon completion of the Capital Reorganisation (including the four-to-one share consolidation), the weighted average number of shares in issue shall be adjusted for the effect of share consolidation. The calculation of basic and diluted earnings per share for all years presented will also be adjusted retrospectively.

For the purposes of these notes, all references to share numbers and price per share refer to the status of share capital prior to the Capital Reorganisation, unless otherwise stated or the context otherwise requires.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In 2018, despite the increasingly complex domestic and international political and economic environment, the Chinese economy remained stable as the global economy recovered. According to the National Bureau of Statistics of China, the gross domestic product (GDP) of China reached RMB90 trillion in 2018, representing a year-on-year increase of 6.6%. From the perspective of industrial structure, the primary, secondary and tertiary industries all continued to grow, with the primary industry growing slowest and tertiary industry quickest. Risk factors and uncertainties such as the tightening monetary policy, the US-China trade war and the "hard Brexit" of the UK have heightened the downward pressure on the global economy. The pace of economic growth of China also slowed down during the year, barely achieving the GDP growth target of 6.5%.

With the rapid development of new media and information technology, China's advertising industry has evolved into the era of digital advertising. Statistics from CVSC – TNS Research (CTR) showed that the total media advertising expenditure increased by 9.3% year-on-year in the first half of the year, grew slower in the second half and finally achieved a 2.9% growth rate for the year, falling short of the 4.3% growth rate for the previous year. With the competition of new media advertising, traditional media including newspapers, magazines and outdoor media continued to record negative growth, down by 30.3%, 8.6% and 14.2%, respectively.

In contrast, new media advertising distributed through elevator screens, movie and the Internet continued to boom. Telecommunications, beverages, pharmaceuticals, food, and commercial and service industries are the top five industries for advertising expenditure, with the beverage industry recording the highest year-on-year growth of 3.8% in advertising expenditure.

In 2018, the Chinese film industry grew rapidly to become the second largest in the world in terms of market size. According to the statistics of the China Film Administration as of 31 December 2018, the movie box office of China for the year reached RMB60.9 billion, representing an increase of 9.06% as compared to last year. The total box office of domestically produced films exceeded RMB37.9 billion, representing a year-on-year increase of 25.89% and accounting for 62.15% of the entire film market.

With the rising competitiveness of domestic productions, many film and television companies in China sought to combine their film and cultural content and diversified into tourism and integrated developments, with the view to strengthening brand images, establishing real-life experience of film viewers and creating value and profit for the content providers to achieve sustainable growth of the enterprise.

Business Review

For the twelve months ended 31 December 2018, the Group recorded revenue from the principal businesses of RMB55.0 million, representing a year-on-year increase of 26.7%. The gross profit for the year was RMB18.5 million (2017: RMB12.0 million). During the year, the Group implemented cost-control measures and increased the profit margin from 27.6% in 2017 to 33.6% in 2018. During the year, the net loss after taxation was approximately RMB164.6 million (2017: RMB56.3 million), primarily attributable to (a) higher professional fees arising from project acquisitions; (b) increase in provision for an onerous operating lease; and (c) fair value loss on financial assets at fair value through profit or loss.

Newspaper advertising

The business environment remained challenging in the print media market as the market was hit by new online media. With the competition from new media and the Internet, the daily circulation and the number of printed pages of Southeast Express operated by the Group remained unsatisfactory, resulting in a decrease of the advertising revenue from the newspaper to RMB7.0 million for 2018 (2017: RMB7.2 million). However, with the implementation of cost control measures by the management to enhance operational efficiency, the gross profit margin for 2018 reached 57.1% (2017: 40.9%), representing an increase of 16.2% as compared with the previous year.

Marketing, consulting and printing services

In 2018, many cities in China continued to adopt policies to stabilize property price. Amidst such macro operating environment and the consequential reduction of marketing budget by property developers, the Group's marketing and printing services division managed to maintain a similar level of business volume as last year, principally due to the solid foundation established by its long-term experience and expertise, its professional team, its brand recognition and reputation.

During the twelve months ended 31 December 2018, the Group's revenue from marketing, consulting and printing services was approximately RMB44.3 million (2017: RMB36.2 million), while the gross profit margin was 30.7% (2017: 24.9%).

FINANCIAL REVIEW

Revenue

Total revenue increased by 26.7% from RMB43.4 million for the year ended 31 December 2017 to RMB55.0 million for the year ended 31 December 2018, primarily due to the increased revenue from marketing and consulting services. Revenue from newspaper advertising slightly decreased from RMB7.2 million for the year ended 31 December 2017 to RMB7.0 million for the year ended 31 December 2018. Revenue from marketing and consulting services increased from RMB31.7 million for the year ended 31 December 2017 to RMB39.5 million for the year ended 31 December 2018. Revenue from printing services increased slightly from RMB4.6 million for the year ended 31 December 2017 to RMB4.8 million for the year ended 31 December 2018.

Gross profit and gross profit margin

Gross profit increased by 54.2% from RMB12.0 million for the year ended 31 December 2017 to RMB18.5 million for the year ended 31 December 2018. Gross profit margin improved from 27.5% in 2017 to 33.6% in 2018, which was primarily attributable to the successful implementation of cost control measures.

Other income

Other income increased by 50.0% from RMB0.6 million for the year ended 31 December 2017 to RMB0.9 million for the year ended 31 December 2018, mainly due to the increase of RMB0.5 million in customer compensation income for the year, but partially offset by the decrease of RMB0.2 million in government subsidy.

Selling and marketing expenses

Selling and marketing expenses decreased by 38.2% from RMB5.5 million for the year ended 31 December 2017 to RMB3.4 million for the year ended 31 December 2018, mainly due to the successful implementation of cost control measures during the year.

General and administrative expenses

General and administrative expenses increased by 33.3% from RMB66.1 million for the year ended 31 December 2017 to RMB88.1 million for the year ended 31 December 2018, mainly due to the higher professional fees arising from project acquisitions and increase in provision for an onerous operating lease.

Loss before income tax

As a result of the higher professional fees, increase in provision for an onerous operating lease and the fair value loss on financial assets at fair value through profit or loss, loss before income tax for the year ended 31 December 2018 was RMB163.9 million, representing an increase of 194.8% as compared to loss before income tax of RMB55.6 million for the year ended 31 December 2017.

Income tax expense

Income tax expenses were RMB0.7 million for the year ended 31 December 2017 and 2018, respectively.

Loss for the year

The Group recorded a net loss for the year of RMB164.6 million for the year ended 31 December 2018, mainly attributable to the higher professional fees, an increase in provision for an onerous operating lease and the fair value loss on financial assets at fair value through profit or loss.

(Loss)/profit attributable to non-controlling interests

As a result of the above factors, profit attributable to non-controlling interests decreased from profit of RMB0.2 million for the year ended 31 December 2017 to loss of RMB0.2 million for the year ended 31 December 2018.

Loss attributable to owners of the Company

As a result of the above factors, loss attributable to owners of the Company increased from RMB56.5 million for the year ended 31 December 2017 to RMB164.4 million for the year ended 31 December 2018.

Liquidity and capital resources

The Group's management monitors current and expected liquidity requirements regularly to ensure the Group has sufficient working capital to meet its future obligations as and when they fall due. During the year ended 31 December 2018, the Group recorded a net loss of RMB164.6 million and a net cash outflow of RMB27.9 million. The management closely monitors the Group's liquidity position and is implementing measures to improve the Group's cash flow.

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Net cash used in operating activities	**(58,291)**	(34,687)
Net cash used in investing activities	**(86,219)**	(80,477)
Net cash generated from/(used in) financing activities	**116,635**	(122)
Net decrease in cash and cash equivalents	**(27,875)**	(115,286)
Cash and cash equivalents at beginning of the year	**60,178**	182,833
Exchange gains/(losses) on cash and cash equivalents	**1,577**	(7,369)
Cash and cash equivalents at end of the year	**33,880**	60,178

Cash flows used in operating activities

For the year ended 31 December 2018, net cash used in operating activities amounted to RMB58.3 million, primarily attributable to the net loss for the year amounted to RMB164.6 million and partially offset by non-cash items, which primarily included (i) net fair value loss of financial assets at fair value through profit or loss amounted to RMB84.5 million; (ii) provision for an onerous operating lease of RMB9.0 million; and (iii) depreciation and amortisation of RMB8.4 million.

Cash flows used in investing activities

For the year ended 31 December 2018, net cash used in investing activities amounted to RMB86.2 million, resulted primarily from final payment of cash consideration for acquiring the entire equity interest in Supreme Glory of RMB55.6 million and payment for property, plant and equipment of RMB21.8 million.

Cash flows generated from/(used in) financing activities

For the year ended 31 December 2018, net cash generated from financing activities amounted to RMB116.6 million, mainly attributable to the drawdown of a loan facility from a related party in the amount of RMB80.1 million, plus the net proceeds from issuance of ordinary shares of RMB33.3 million.

Capital expenditures

Capital expenditures incurred during the year are mainly for the purchase or construction costs related to properties, plant and equipment. Capital expenditures were RMB0.9 million and RMB39.6 million for the years ended 31 December 2017 and 2018, respectively.

Trade receivables – net

The following table sets out the aging analysis of the Group's trade receivables at the dates indicated:

	As at 31 December	
	2018	2017
Aging analysis of trade receivables	***RMB'000***	*RMB'000*
1 – 30 days	**3,942**	1,133
31 – 60 days	**780**	252
61 – 90 days	**470**	417
91 – 180 days	**954**	1,755
181 – 365 days	**1,800**	272
Over 1 year	**2,385**	15,991
Total	**10,331**	19,820
Less: provision for impairment of trade receivables	**(2,473)**	(13,752)
Total trade receivables – net	**7,858**	6,068

Trade receivables increased by 29.5% from RMB6.1 million as at 31 December 2017 to RMB7.9 million as at 31 December 2018. Such increase was mainly attributable to more revenue generated near year end.

Properties held for sale

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Properties held for sale	**24,622**	34,519

The properties in the PRC were received in exchange of advertising services to real estate developers in the PRC. The Group's intention is to sell these properties and, accordingly, such rights are recognised as properties held for sale upon the completion of the advertising sales transaction if the related properties are ready to be sold.

Management assessed the fair value less costs to sell of the properties with reference to their market value with the assistance of an independent property valuer. For the year ended 31 December 2018, the management compared the carrying amount and fair value less costs to sell of the properties and made further impairment provision of RMB4,252,000 (2017: Nil).

Trade payables

	As at 31 December	
	2018	2017
Trade payables	***RMB'000***	*RMB'000*
1 – 30 days	**641**	547
31 – 90 days	**406**	598
Over 90 days	**3,550**	3,368
Total	**4,597**	4,513

Trade payables increased slightly from RMB4.5 million as at 31 December 2017 to RMB4.6 million as at 31 December 2018. Trade payables turnover days decreased from 609 days for the year ended 31 December 2017 to 404 days for the year ended 31 December 2018.

Indebtedness

Indebtedness consists of obligations to lenders, including commercial banks and certain related parties and companies.

During the year ended 31 December 2015, the Group obtained mortgage loans amounting to RMB15,470,000 to finance the Group's acquisition of properties (Note 14(i)). Transaction costs directly attributable to mortgage loans amounted to RMB35,000. The mortgage loans were drawn on 27 February 2015 and a further prepayment of RMB15,470,000 was made by the Group to Xiamen Information Group Ltd. for the properties. The mortgage loans are secured by the ownership rights of the properties and the personal guarantees of Zheng Bai Ling and Zhang Hui, a key management and the spouse of a key management of a subsidiary of the Group respectively. Total consideration for the properties is RMB22,164,000, of which the initial down payment of RMB6,694,000 was paid by the Group during the year ended 31 December 2014.

As at 31 December 2018, the mortgage loans were classified as current liabilities due to the related loan agreements containing a repayment on demand clause which gives the bank unconditional right to call the loans at any time. The mortgage terms are 7 years and are denominated in RMB. The mortgage loans are carried at quarterly adjusted floating interest of 1.15 times the benchmark loan interest as prescribed by the People's Bank of China for loans of a similar length. The effective interest rate for the year was 5.71% per annum.

During the year ended 31 December 2018, the Group obtained a loan facility from a related party, TopBig International Development Limited ("**TopBig**"), amounting to RMB87,132,000. The loan balance is unsecured, carries interest at 5.0% per annum and repayable in two years from the date of drawdown. The maximum amount that can be drawn down by the Group from TopBig is HK$100 million, as disclosed in the Company's announcement dated 8 May 2018.

During the year ended 31 December 2018, the Group obtained a loan amounting to RMB1,500,000 from a third party. The balance is unsecured, carries an interest rate at 6.0% per annum with a term of 2 years, and is repayable on demand. The balance is denominated in RMB.

Gearing ratio, being the proportion of the Group's total borrowings to total assets, increased from 2.9% for the year ended 31 December 2017 to 37.1% for the year ended 31 December 2018.

On 14 March 2018, the Group obtained a banking facility with a facility limit of RMB100,000,000 and a facility period from 14 March 2018 to 13 March 2019. The facility has expired on 13 March 2019 and since then, the Group does not have any bank facility.

Commitments

(a) Operating lease commitments – as a lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Not later than 1 year	**5,232**	12,952
Later than 1 year and not later than 5 years	**3,870**	3,351
	9,102	16,303

Provision for an onerous operating lease of RMB2,902,000 as at 31 December 2018 is made for the abovemationed operating lease commitments.

(b) Operating lease commitments – as a lessor

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	2018	2017
	RMB'000	*RMB'000*
Not later than 1 year	**2,000**	–
Later than 1 year and not later than 5 years	**6,000**	–
	8,000	–

(c) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2018	2017
	RMB'000	*RMB'000*
Property, plant and equipment	**7,930**	–

Contingent liabilities

As at 31 December 2018 and 2017, the Group had no material contingent liabilities.

Human resources

As at 31 December 2018, the Group had 236 full-time employees (2017: 218). Total staff costs including directors' remuneration for the year ended 31 December 2018 were RMB46.1 million (2017: RMB43.5 million).

The remuneration of the directors is evaluated by the remuneration committee, which also makes recommendations to the Board. In addition, the remuneration committee reviews the performance, and determines the remuneration structure, of the Group's senior management.

The Company operates an employee share option scheme, the purpose of which is to incentivise or reward eligible individuals who provide services to the Company for their contributions and their continuing efforts to promote the interests of the Company, and for other purposes as the Board may approve from time to time.

Events after the reporting period

(i) On 24 January 2019, the Company entered into the convertible bond subscription agreement with TopBig International Development Limited (the "**Subscriber**"), a company wholly-owned by Mr. Chen Zhi, the Executive Director and a shareholder of the Company, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, the 3% convertible bonds (the "**Convertible Bonds**") in the aggregate principal amount of HK$250,000,000 (equivalent to RMB215,750,000).

The initial conversion price of the Convertible Bonds is HK$0.24 per conversion share following the Capital Reorganisation (equivalent to HK$0.06 per share prior to the Capital Reorganisation), subject to adjustment. The Convertible Bond matures at the day falling on the third anniversary of the date of issue of the convertible bonds and the conversion period covers the period commencing on the date of issue of the Convertible Bonds and ending on maturity date.

Assuming full conversion of the Convertible Bonds at the initial conversion price of HK$0.24 per conversion following the Capital Reorganisation, the Convertible Bonds will be convertible into up to 1,041,666,666 shares (on the basis of the consolidated shares after the Capital Reorganisation becoming effective).

The Convertible Bonds and the new Shares to be issued upon conversion of the Convertible Bonds (the "**Conversion Shares**") shall be allotted and issued by the Company pursuant to the specific mandate granted by the independent shareholders of the Company to the Directors at the extraordinary general meeting of the Company held on 8 March 2019.

(ii) On 15 November 2018, a 60%-owned subsidiary of the Group entered into a sale and purchase agreement with certain sellers to acquire 71.43% equity interest in Zhang Ping Nong Bo Hui New Specialized Farmers' Cooperative (the "**Target Company**") at a consideration of RMB3,000,000. The conditions precedent to the acquisition are not fully fulfilled and the acquisition has not been completed as at 31 December 2018 and up to the date of this report.

(iii) On 1 February 2019, the Board of Directors proposed to implement a capital reorganisation ("**Capital Reorganisation**") which involves:

(a) the share consolidation of every four issued and unissued existing shares of HK$0.10 each into one consolidated share of HK$0.40 each;

(b) the capital reduction such that the nominal value of each issued consolidated share be reduced from HK$0.40 to HK$0.01; and

(c) the share subdivision of each unissued consolidated share of HK$0.40 each into forty new shares of HK$0.01 each.

The Capital Reorganisation is subject to the fulfilment of conditions, and the expected effective date of the Capital Reorganisation is 10 April 2019. Upon completion of the Capital Reorganisation (including the four-to-one share consolidation), the weighted average number of shares in issue shall be adjusted for the effect of share consolidation. The calculation of basic and diluted earnings per share for all years presented will also be adjusted retrospectively. However, for the purposes of this announcement, all references to share numbers and price per share refer to the status of share capital prior to the Capital Reorganisation, unless otherwise stated or the context otherwise requires.

Prospects

In 2019, we expect the economy worldwide and in China will continue to face challenges. China lowered its GDP growth target to 6%-6.5% for 2019. Amidst the challenging macro-environment, the Company is well-positioned to tackle the challenges ahead due to the laying of solid foundation in the past two years through acquisitions and fund-raisings.

Driven by various favorable factors such as increased per capita income, consumption upgrades, the growing demand for entertainment and culture, the on-going improvement of the film-viewing infrastructure, and the advanced Internet that enables online platforms to boost box office, it is expected that China's film industry will see another round of growth in the long run.

In addition, the rise of webcast and online TV dramas will continuously add value to the film and television culture industry. The Group will continue to identify development and investment opportunities with the view to capitalising on its established experience in advertising, marketing and media industry in China and seizing the opportunities in the film industry of Mainland China through proactively rolling out quality productions in due course.

In support of the 13th Five-Year Plan of the state and the central government's plan to build 1,000 "distinctive towns" in China by 2020 to promote the integrated development of the primary, secondary and tertiary industries in rural areas, the Group actively leverages its experience and resources in the advertising, film, culture and media industries to develop integrated projects on the theme of film or media. The Group has used its efforts to identify suitable locations to participate in integrated development projects with industry positioning, cultural heritage, tourism features, entertainment and community functions such as health and wellness, so as to form synergies with existing businesses and create value for shareholders.

In 2018, the Company acquired Supreme Glory Limited, which through its subsidiaries operate a project site covering a measurable usable area of approximately 4,022 Chinese mu (equivalent to approximately 2,681,347 square meters) located in Hebei Town, Fangshan District, Beijing under a 50-year lease which expires in December 2058. The Group intends to develop the project into a unique natural and cultural scenic spot integrating media, resort, and eco-cultural tourism. The Fangshan project is expected to contribute to the Group's revenue and business development in the long run.

In addition, to further consolidate the Group's integrated project development business, broaden its revenue sources and reduce its reliance on the print media business, the Group entered into a framework agreement with the government of Yongtai County, Fuzhou City, Fujian Province to invest in a project named "Yongtai Kungfu Distinctive Town", covering an area of 15.6 square kilometers in Yongtai County. The Company intends to join force with asset management companies and other interested investors to jointly invest RMB500 million in the first stage of the project, with the aim of re-establishing the Longchuan-Longmen Canyon Scenic Area as a 4A scenic spot. The Group has the 40-years' exclusive operation right of the project covering the development, construction, management and operation of commercial activities such as tourism, sightseeing, resort, culture, sports and entertainment.

Looking ahead, the Group will proactively explore and expand business opportunities for investment, production, management and content distribution of films and TV dramas. Leveraging the Group's track record and experience in advertising, marketing and integrated project development, the Group will continue to strive to find suitable industry partners and investment and production projects, and continuously promote the management of film and television projects to capture opportunities arising from the growing market of China's film and television culture industry and the new media transformation.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2018.

CORPORATE GOVERNANCE CODE

The Company recognises the importance and value of achieving high standards of corporate governance practices. The Board believes that good corporate governance is an essential element in maintaining and promoting shareholder value and investor confidence.

The Company has adopted the principles and complied with the former and revised Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance since the date of the listing of the shares of the Company on the Main Board of the Stock Exchange on 3 December 2010 (the "Listing Date"), which shall also be revised from time to time in accordance with the Listing Rules. Saved as disclosed below, the Board considers the Company has complied with the code provisions as set out in the CG Code.

During the year under review, Mr. Siuming Tsui was the CEO of the Company and the position of chairman of the Company was vacated. The Company is identifying suitable candidate to fill the vacancy of chairman.

Code Provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board met regularly to consider and review the major and appropriate issues which may affect the operations of the Company arising from the overlap of chairman and CEO and/or the vacancy of chairmanship. As such, the Board considers that the sufficient measures had been taken, and that either the overlap of chairman and CEO and/or the vacancy of chairmanship should not impair the balance of power and authority between the Board and the management.

Code Provision E.1.2

Under code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting.

The Board has invited Mr. Chen Zhi, an executive director and ex-chairman of the Company to act as the chairman of the annual general meeting of the Company which was held on 25 May 2018, as the position of the chairman of the Company has been vacated since 1 April 2016. The Board considered that Mr. Chen Zhi was the appropriate person to answer questions, if any, from shareholders at the annual general meeting.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set forth in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities by the directors of the Company. Specific enquiries have been made with all the incumbent directors of the Company and all of them confirmed and declared that they have complied with the required standards as set out in the Model Code during the year ended to 31 December 2018.

AUDIT COMMITTEE

The Audit Committee has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee has also held meeting with the Group's external auditor, PricewaterhouseCoopers, without the presence of executive directors and management of the Group, to discuss matters arising from the auditing and report to the Board of material issues, if any, and make recommendations to the Board. The Audit Committee consists of three independent non-executive directors of the Company, namely Mr. Wong Heung Ming, Henry, Mr. Zhou Chang Ren, and Mr. Cai Jianquan. Mr. Wong Heung Ming, Henry is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2018.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this announcement have been agreed by the Group's external auditor, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2018.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Company (www.shifangholding.com) and the Stock Exchange (www.hkexnews.hk). An annual report of the Company for the year ended 31 December 2018 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and made available on the abovementioned websites in due course.

By Order of the Board
ShiFang Holding Limited
Siuming Tsui
Executive Director and Chief Executive Officer

Hong Kong, 28 March 2019

As at the date of this announcement, the executive directors of the Company are Mr. Siuming Tsui (Chief Executive Officer), Mr. Chen Zhi and Mr. Yu Shiquan; the non-executive directors of the Company are Mr. Chen Wei Dong and Ms. Chen Min; and the independent non-executive directors of the Company are Mr. Zhou Chang Ren, Mr. Wong Heung Ming, Henry and Mr. Cai Jianquan.