

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

SinoMedia[®]

SINOMEDIA HOLDING LIMITED

中視金橋國際傳媒控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 623)

**TERMINATION OF EXISTING VIE STRUCTURE
AND
ESTABLISHMENT OF NEW VIE STRUCTURE**

TERMINATION OF EXISTING VIE STRUCTURE

On 27 April 2018, the Existing Legal Owners entered into the Equity Transfer Agreements with the New Legal Owners, pursuant to which each of the Existing Legal Owners shall sell all of their equity interests in Culture Development to the New Legal Owners at a total consideration of RMB30 million.

On the same day and immediately after execution of the Equity Transfer Agreements, the Existing Legal Owner, the New Legal Owner, CTV Media (Shanghai) and Culture Development entered into the Supplemental Agreement pursuant to which, among other things, the parties thereto agreed that the Existing Structure Contracts shall be terminated upon the New Structure Contracts becoming effective.

ESTABLISHMENT OF NEW VIE STRUCTURE

On 27 April 2018, and immediately after execution of the Equity Transfer Agreements and Supplemental Agreement, CTV Media (Shanghai), Culture Development and the New Legal Owners entered into the New Structure Contracts to establish the New VIE Structure. The spouse of Ms. Wang also executed a Spouse Undertaking in favour of CTV Media (Shanghai), pursuant to which the spouse of Ms. Wang has given an irrevocable undertakings in relation to the New Structure Contracts.

The New VIE Structure is in substance a renewal of the Existing VIE Structure with the following amendments:

- (1) the registered shareholders of Culture Development will be changed from Mr. Chen and Ms. Liu Jinlan to Ms. Liu Zhiyi and Ms. Wang;
- (2) the consultancy fee payable by Culture Development to CTV Media (Shanghai) will be changed from 10% of the revenue of Culture Development to 100% of the consolidated profit before tax of Culture Development;
- (3) as Culture Development no longer uses trademarks of CTV Media (Shanghai) in the course of its business, the parties did not seek to renew the Non-exclusive Trademark Licence Agreement under the Existing VIE Structure;
- (4) provisions in respect of dispute resolution, succession are modified or inserted in observance of the requirements under the Guidance Letter; and
- (5) relevant provisions are modified or inserted and additional undertaking are provided by the New Legal Owners and the spouse of Ms. Wang in order to enhance CTV Media (Shanghai)'s control over Culture Development and ensure the New VIE Structure can effectively confer all economic benefits from Culture Development to the Group.

LISTING RULES IMPLICATIONS

As (i) Ms. Liu Zhiyi, being the daughter of the Existing Legal Owners who are Directors; (ii) Ms. Wang, being the niece of the Existing Legal Owners who are Directors and the wife of Mr. Li Zongzhou, an executive Director; and (iii) Culture Development, being a majority-controlled company held by Ms. Liu Zhiyi and Ms. Wang, are all associates of the Existing Legal Owners and therefore connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Loan Agreement and the Exclusive Purchase Option Agreement constitute connected transactions whilst the transaction contemplated under the Exclusive Consultancy Service Agreement constitutes a continuing connected transaction of the Company. The Company is therefore required to comply with the relevant requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than profits ratio) with reference to the Loan Agreement exceed 0.1% but all are less than 5%, the connected transaction contemplated thereunder is subject to the reporting, announcement requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Group has discretion to exercise the option granted by the New Legal Owners to CTV Media (Shanghai) pursuant to the Exclusive Purchase Option Agreement, the acquisition of the option is classified based on the amount of the premium payable by the Group in accordance to Rule 14A.79(2) of the Listing Rules. As the premium is payable by CTV Media (Shanghai) to the New Legal Owners under the Exclusive Purchase Option Agreement for the acquisition of the option is nil, all of the applicable percentage ratios (other than profits ratio) with reference to the Exclusive Purchase Option Agreement are less than 0.1%, the connected transaction contemplated thereunder is fully exempt under Rule 14A.76(1) (a) of the Listing Rules.

As it is contemplated that the applicable percentage ratios (other than profits ratio) with reference to the annual amount of the Exclusive Consultancy Service Agreement will be less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Structure Contracts have been arrived after arm's length negotiations, are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Notwithstanding the respective relationship of certain Directors with the New Legal Owners, none of them is considered as having a material interest in the transactions contemplated under the New Structure Contracts, therefore all Directors are entitled to vote on the relevant Board resolution pursuant to the Company's articles of association.

WAIVER FROM STRICT COMPLIANCE WITH LISTING RULES

The Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to the Company, for transactions contemplated under each of the New Structure Contracts to be subject to the requirement of limiting the term to three years or less under Rule 14A.52 and the transaction contemplated under the Exclusive Consultancy Service Agreement to be subject to the requirement of setting an annual cap under Rule 14A.53.

The Company has applied and the Stock Exchange has granted a waiver from strict compliance with (i) setting a fixed period for the New Structure Contracts pursuant to Rule 14A.52; and (ii) setting maximum aggregate annual caps for the service fees pursuant to Rule 14A.53 under the Exclusive Consultancy Service Agreement subject to certain conditions.

BACKGROUND

Reference is made to the announcements of the Company dated 27 October 2011 and 14 February 2018 in relation to, among other matters, the Existing Structure Contracts and the Existing VIE Structure.

The Group has entered into the Existing Structure Contracts in order to carry out the Restricted Business through Culture Development. For details of the Existing Structure Contracts and the Existing VIE Structure, please refer to the announcements of the Company dated 27 October 2011 and 14 February 2018.

TERMINATION OF EXISTING VIE STRUCTURE

Equity Transfer Agreements

On 27 April 2018, the Existing Legal Owners entered into the Equity Transfer Agreements with the New Legal Owners, pursuant to which each of the Existing Legal Owners shall sell all of their equity interests in Culture Development to the New Legal Owners at a total consideration of RMB30 million.

Principal terms of the Equity Transfer Agreements are as follows:

1. *First Equity Transfer Agreement*

On 27 April 2018, Mr. Chen, Ms. Wang and CTV Media (Shanghai) entered into the first equity transfer agreement pursuant to which Mr. Chen agreed to transfer 50% equity interests in Culture Development to Ms. Wang at a consideration of RMB15 million payable by Ms. Wang in the manner agreed by Mr. Chen and Ms. Wang.

All interests and rights attaching to the relevant equity interests in Culture Development shall be transferred to Ms. Wang upon completion of registration of change in shareholding at the relevant PRC authority.

2. *Second Equity Transfer Agreement*

On 27 April 2018, Ms. Liu Jinlan, Ms. Liu Zhiyi and CTV Media (Shanghai) entered into the second equity transfer agreement pursuant to which Ms. Liu Jinlan agreed to transfer 50% equity interests in Culture Development to Ms. Liu Zhiyi at a consideration of RMB15 million payable by Ms. Liu Zhiyi in the manner agreed by Ms. Liu Jinlan and Ms. Liu Zhiyi.

All interests and rights attaching to the relevant equity interests in Culture Development shall be transferred to Ms. Liu Zhiyi upon completion of registration of change in shareholding at the relevant PRC authority.

Pursuant to the Equity Transfer Agreements, each of the New Legal Owners undertake and confirm that, among other things, they will enter into the New Structure Contracts and other relevant documents at the request of CTV Media (Shanghai).

Supplemental Agreement

On the same day and immediately after execution of the Equity Transfer Agreements, the Existing Legal Owner, the New Legal Owner, CTV Media (Shanghai) and Culture Development entered into the Supplemental Agreement the principal terms of which are set out as follows:

- Date: 27 April 2018
- Parties:
- (i) CTV Media (Shanghai)
 - (ii) Culture Development
 - (iii) Existing Legal Owners
 - (iv) New Legal Owners

Subject Matter: The Existing Legal Owners agreed to novate all rights and obligations under the Loans to the New Legal Owners.

In consideration of the New Legal Owners agreeing to the novation of the Loans, the Existing Legal Owners agreed to set off the New Legal Owners' obligation to pay for the aggregate consideration of RMB30 million for the Equity Transfer.

The parties to the Supplemental agreement agreed that the Existing Structure Contracts shall be terminated upon the New Structure Contracts becoming effective.

ESTABLISHMENT OF NEW VIE STRUCTURE

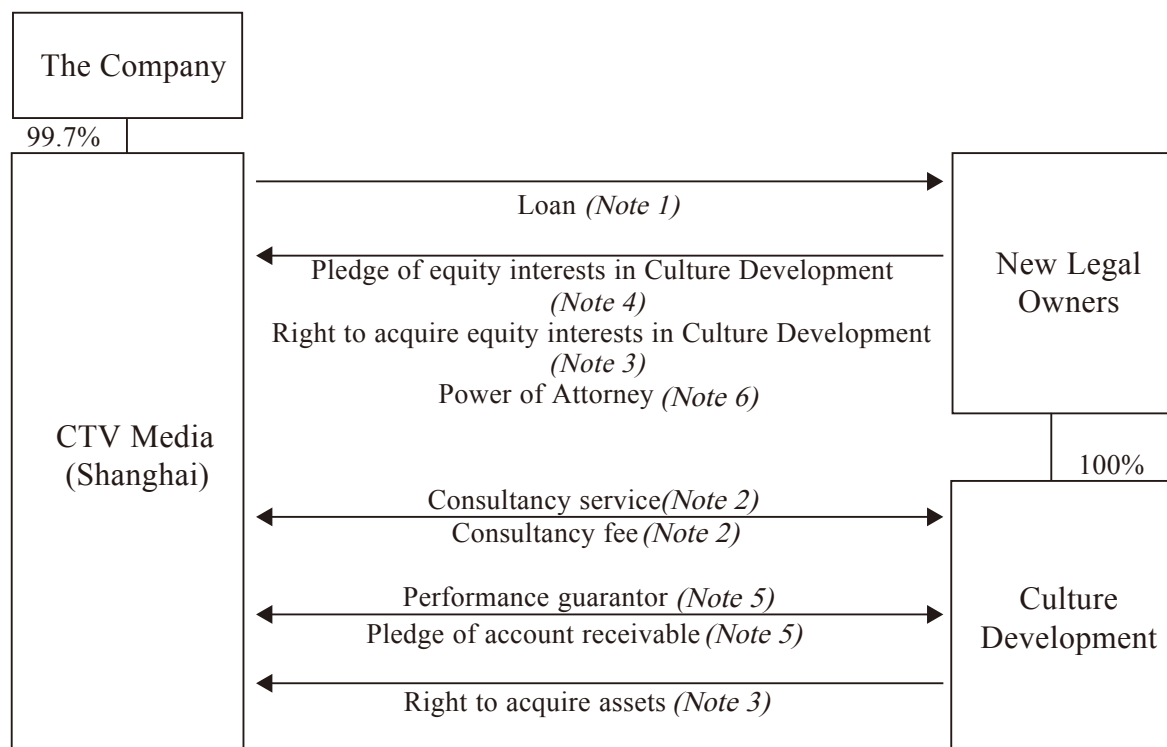
On 27 April 2018 and immediately after execution of the Equity Transfer Agreements and Supplemental Agreement, CTV Media (Shanghai), Culture Development and the New Legal Owners entered into a series of agreements comprising of the following to establish the New VIE Structure:

- (i) the Exclusive Consultancy Service Agreement;
- (ii) the Loan Agreement;
- (iii) the Exclusive Purchase Option Agreement;
- (iv) the Equity Pledge Agreement;
- (v) the Business Operation Agreement; and
- (vi) the Powers of Attorney.

On 27 April 2018, the spouse of Ms. Wang executed a Spouse Undertaking in favour of CTV Media (Shanghai), pursuant to which the spouse of Ms. Wang has given an irrevocable undertaking in relation to the New Structure Contracts.

Upon the New Structure Contracts becoming effective, the Group will be able to exercise control over the operation and assets of Culture Development, and the economic benefits generated by and risks associated with the running of the Restricted Business by Culture Development will be effectively transferred to the Group.

The following diagram illustrates the flow of the economic benefit from Culture Development to the Group under the New Structure Contracts:



Notes:

1. Please refer to the paragraph headed “The Loan Agreement” in this announcement.
2. Please refer to the paragraph headed “The Exclusive Consultancy Service Agreement” in this announcement.
3. Please refer to the paragraph headed “The Exclusive Purchase Option Agreement” in this announcement.
4. Please refer to the paragraph headed “The Equity Pledge Agreement” in this announcement.
5. Please refer to the paragraph headed “The Business Operation Agreement” in this announcement.
6. Please refer to the paragraph headed “The Powers of Attorney” in this announcement.

The New Structure Contracts

The principal terms of the New Structure Contracts are set out below:

1 Exclusive Consultancy Service Agreement

Date: 27 April 2018

Parties: (i) CTV Media (Shanghai)

(ii) Culture Development

Subject Matter: CTV Media (Shanghai) agreed to provide relevant consultancy and supporting services as the exclusive provider of Culture Development. Such consultancy services include but not limited to problem-based solution design, business and strategic planning, clientele management and development, employee development and training, promotion and public relationship, accounting and financial management etc. at the agreed service fees.

In consideration of the provision of management and consultancy services by CTV Media (Shanghai), Culture Development shall pay a consultancy fee to CTV Media (Shanghai) on an annual basis, which shall be equivalent to 100% of the consolidated profit before tax of Culture Development (such profit to be calculated after deducting all reasonably incurred costs and expenses) in connection with the business operation of Culture Development.

The service fee for the immediately preceding year will be payable to CTV Media (Shanghai) by Culture Development in the first quarter of each year, and such service fee is determined with reference to (i) the complexity of the services provided; (ii) the time spent on such services; (iii) the value of such services; and (iv) the prevailing market price for such services. CTV Media (Shanghai) may in writing agree to adjust the service fees with reference to the services provided and operation need of Culture Development. In the event Culture Development records a consolidated net loss, Culture Development shall not be required to pay any service fee to CTV Media (Shanghai).

CTV Media (Shanghai) shall have the exclusive proprietary rights to all intellectual property rights developed or created during the performance of the Exclusive Consultancy Service Agreement and/or other agreements entered into by the parties and related parties. At the request of CTV Media (Shanghai), Culture Development shall assign its intellectual property rights to CTV Media (Shanghai) unconditionally at the minimum price permitted under the then applicable PRC laws and regulations.

Term: A period of 10 years commencing from the Effective Date, which shall be automatically renewed for another 10 years unless CTV Media (Shanghai) serves notice in writing to Culture Development prior to expiry of the initial term.

The Exclusive Consultancy Service Agreement shall be terminated prior to expiration of the term should the business period of either CTV Media (Shanghai) or Culture Development expires or be terminated by any other reason, unless such party has transferred all rights and obligations under the Exclusive Consultancy Service Agreement.

2 Loan Agreement

Date: 27 April 2018

Parties: (i) CTV Media (Shanghai) as lender
(ii) the New Legal Owners as borrower

Subject Matter: Pursuant to the Loan Agreement, the parties confirm that, among other things:

- (i) upon the Supplemental Agreement taking effect, the New Legal Owners have become the legal and beneficial owners of the Loan; and
- (ii) the Loan is interest-free and may only be used and has been used for the purpose of paying up the registered capital of Culture Development.

The New Legal Owners shall pledge 100% of Culture Development's equity interests pursuant to the Share Pledge Agreement as security for the Loan.

If, in the opinion of CTV Media (Shanghai), the security provided by the New Legal Owners is not sufficient, CTV Media (Shanghai) is entitled to request the New Legal Owners to provide additional security such as guarantee, mortgage and charge.

If any of the New Legal Owners ceases to hold interests in Culture Development, whether directly or indirectly, the New Legal Owners may assign the Loan to any third party designated by CTV Media (Shanghai).

Term: The term of the Loan shall be terminated on such date as CTV Media (Shanghai) considers appropriate and notified to the New Legal Owners.

3 *Exclusive Purchase Option Agreement*

Date: 27 April 2018

Parties: (i) CTV Media (Shanghai)

(ii) New Legal Owners

(iii) Culture Development

Subject Matter: Each of the New Legal Owners irrevocably grant an exclusive option to CTV Media (Shanghai) which entitles CTV Media (Shanghai) or its designated nominee(s) to, subject to compliance with applicable PRC laws and regulations, elect to purchase all or part of the equity interests in Culture Development held by the New Legal Owners at the minimum price permitted by the then applicable PRC laws and regulations. Each of the New Legal Owners have undertaken to return to CTV Media (Shanghai) any consideration they received in the event that CTV Media (Shanghai) exercises such option to acquire the equity interests in Culture Development.

Culture Development irrevocably grants an exclusive option to CTV Media (Shanghai) which entitles CTV Media (Shanghai) or its designated nominee(s) to, subject to compliance with applicable PRC laws and regulations, elect to purchase all or part of the asset of Culture Development at the minimum price permitted by the then applicable PRC laws and regulations. Culture Development has undertaken to return to CTV Media (Shanghai) any consideration it received in the event that CTV Media (Shanghai) exercises such option to acquire the asset of Culture Development.

In order to prevent the flow of assets and value of Culture Development to the New Legal Owners, each of Culture Development and/or the New Legal Owners also undertakes with CTV Media (Shanghai) not to, among other things, (i) supplement, change or amend the articles of association of Culture Development, increase or reduce its registered capital or change its structure of registered capital in any other manner without prior written consent of CTV Media (Shanghai); (ii) provide or receive loans or guarantee except under the New Structure Contracts; (iii) merge or consolidate with, acquire or invest in any entity; (iv) distribute dividends or profits to the New Legal Owners; and (v) sell, transfer, mortgage or otherwise dispose of any of their interests in Culture Development or be allowed to create any encumbrances on them, except under the New Structure Contracts.

Term: A period of 10 years commencing from the Effective Date subject to early termination, which shall be automatically renewed for another 10 years unless CTV Media (Shanghai) serves notice in writing to Culture Development prior to expiry of the initial term.

4 *Equity Pledge Agreement*

Date: 27 April 2018

Parties: (i) CTV Media (Shanghai) as pledgee
(ii) New Legal Owners as pledgor

Subject Matter: The New Legal Owners agreed to pledge all their respective equity interests in Culture Development to CTV Media (Shanghai) to secure Culture Development's and/or the New Legal Owners' due performance of all the obligations under the Exclusive Consultancy Service Agreement and the Loan Agreement. CTV Media (Shanghai) shall be entitled to all dividend generated from the equity interests in Culture Development pledged to CTV Media (Shanghai).

During the term of the Equity Pledge Agreement, the New Legal Owners shall not, among other matters, transfer any of the equity interests of Culture Development without prior written consent of CTV Media (Shanghai).

Term: The pledge shall take effect upon the Effective Date and shall remain valid until one year after the expiration of all the contractual obligations of Culture Development and the New Legal Owners under the Exclusive Consultancy Service Agreement and the Loan Agreement.

As at the date of this announcement, the Equity Pledge Agreement has not yet been duly registered with the competent PRC authority pursuant to the applicable PRC laws and regulations.

5 *Business Operation Agreement*

Date: 27 April 2018

Parties: (i) CTV Media (Shanghai)
(ii) Culture Development
(iii) New Legal Owners

Subject Matter: At the request of Culture Development, CTV Media (Shanghai) may opt to serve as performance guarantor for Culture Development in any business operation agreements or transactions Culture Development may enter into with third parties, in which case, as a counter-guarantee, Culture Development shall pledge 100% of its account receivable arising from its business operation to CTV Media (Shanghai).

Each of Culture Development and the New Legal Owners agree that, in the absence of CTV Media (Shanghai)'s written consent, Culture Development shall not engage in any transaction which may materially affect its asset, obligations, right and operation, including but not limited to:

- (i) borrowing or assuming liabilities from any third party that exceed RMB10 million;
- (ii) selling to or acquiring asset or rights from any third party, including but not limited to intellectual property rights;
- (iii) providing guarantee in favour of any third party by creating security over its asset and intellectual property; and
- (iv) transferring any operational agreement in the amount exceeding RMB10 million to any third party.

Each of Culture Development and the New Legal Owners also agree to appoint CTV Media (Shanghai)'s nominees as directors of Culture Development, and nominees who are employed by CTV Media (Shanghai) as general manager, chief finance officer and other senior management. Such senior management's role in Culture Development will be terminated upon such senior management ceasing to be employed by CTV Media (Shanghai) (whether voluntarily or not).

Each of Culture Development and the New Legal Owners agrees to first seek assistance from CTV Media (Shanghai) in the event Culture Development requires any performance guarantee or guarantee for obtaining financing. In such circumstances, CTV Media (Shanghai) may, and is not obliged to do so, provide relevant guarantee in favour of Culture Development. Otherwise CTV Media (Shanghai) shall provide a written notification to Culture Development whereby Culture Development may seek guarantee from other third parties in accordance to CTV Media (Shanghai)'s instructions and recommendations.

Term:

A period of 10 years commencing from the Effective Date, which shall be automatically renewed for another 10 years unless CTV Media (Shanghai) objects in writing prior to expiry of the initial term or altering the period of the renewed term.

In the event of termination of any of the New Structured Agreements, CTV Media (Shanghai) shall have the right but not the obligation to terminate the Business Operation Agreement.

The Business Operation Agreement shall be terminated prior to expiration of the term should the business period of either CTV Media (Shanghai) or Culture Development expires or be terminated by any other reason, unless the such party has transferred all rights and obligations under the Business Operation Agreement.

6 Powers of Attorney

Each of the New Legal Owners has executed the Power of Attorney on 27 April 2018, pursuant to which each of the New Legal Owners irrevocably appoints designated person(s) of CTV Media (Shanghai), being directors or officers of the Company who are not related to the New Legal Owners and including his/her successor and liquidator to act on their behalf on all matters concerning Culture Development and to exercise all their rights as the registered shareholders of Culture Development. Such rights include but not limited to:

- (a) the right to attend shareholders' meetings and exercise shareholders' voting rights;
- (b) selling or transferring all or part of her equity interests in Culture Development;
- (c) the right to nominate, appoint or remove the legal representative, directors, general manager of Culture Development;
- (d) signing minutes and resolutions of general meetings of Culture Development;
- (e) the right to join the liquidation committee to handle the liquidation process of Culture Development and exercise all relevant shareholders' rights;
- (f) the right to file shareholders' resolutions and other documents of Culture Development with the relevant PRC authorities; and
- (g) other matters which shareholders of Culture Development are entitled to decide or execute.

The Powers of Attorney shall be valid for 10 years from the date of execution and can be extended for another 10 years subject to CTV Media (Shanghai)'s consent.

7 Spouse Undertaking

The spouse of Ms. Wang has signed the Spouse Undertaking on 27 April 2018 pursuant to which the spouse of Ms. Wang irrevocably undertakes with CTV Media (Shanghai) that, among other things:

- (a) the spouse has been fully aware of the New Structure Contracts and independently and irrevocably consented to the arrangements regarding limitations, provision of security, transfer and disposal in any other manners that the New Legal Owner is subject to in respect of her equity interests in Culture Development pursuant to the New Structure Contracts;
- (b) all the equity interests held by such New Legal Owner in Culture Development shall be deemed as assets solely owned by such New Legal Owner, not matrimonial assets jointly owned by him and the relevant New Legal Owner;

- (c) the spouse has not and will not participate in the operation, management, winding up and liquidation of Culture Development, nor initiating any claim on the interests or rights in the equities of Culture Development;
- (d) the spouse has confirmed that his authorization or consent is not required in the performance or termination of the New Structure Contracts by the New Legal Owner, in the event of divorce, the New Legal Owner shall at her sole discretion decide how to dispose of her interests in Culture Development; and
- (e) the spouse authorizes the New Legal Owner and/or her authorized representative to execute all documents on his behalf and perform all actions from time to time at the request of CTV Media (Shanghai) in order to give effect to the New Structure Contracts; if the spouse obtains any interests in Culture Development, he will be subject to and comply with the terms of the New Structure Contracts as if he was a party thereto, and will enter into any document in the form and substance of the New Structure Contracts at the request of CTV Media (Shanghai).

The Spouse Undertaking shall take effect on the date of execution and shall remain valid for so long as any of the New Structure Contracts remains effective.

Conditions to the New Structure Contracts

The obligations of the parties under each of the New Structure Contracts other than the Powers of Attorney (as the case may be) are conditional upon:

- (i) the registration in respect of the change in shareholders of Culture Development pursuant to the Equity Transfer Agreements with the relevant PRC authority having been completed, and the New Legal Owners having become the registered owner of 100% of the equity interests of Culture Development; and
- (ii) the execution of the New Structure Contracts by the relevant parties.

Succession

Each of the New Structure Contracts (except for the Powers of Attorney) contains provisions that, each of such agreements is binding on the respective successors and permitted assignees of the parties thereto as if the successor was a signing party to the New Structure Contracts.

Under the succession law of the PRC, statutory successors may include the spouse, children, parents, siblings, maternal grandparents and paternal grandparents, and if any successor inherits the rights and obligations under the New Structure Contracts, then any breach by the successors would be deemed to be a breach of the New Structure Contracts. In which case CTV Media (Shanghai) can enforce its rights against such successors.

The Company's PRC legal adviser is of the view that (i) the New Structure Contracts provide protection to the Group even in the event of death or divorce of any New Legal Owners and (ii) the death or divorce of any New Legal Owner will not affect the validity of the New Structure Contracts, and CTV Media (Shanghai) can enforce its rights thereunder against the successors of the New Legal Owners.

Bankruptcy

The Company's PRC legal adviser has advised that under PRC laws, there is no concept of bankruptcy of a natural person and hence it is impossible for the New Legal Owners to become bankrupt.

In any event, under the Equity Pledge Agreement it is one of the events of default where any adverse change occurs to the assets of the New Legal Owners so that CTV Media (Shanghai) considers that their ability to perform their obligations under the Equity Pledge Agreement will be affected. In such case, CTV Media (Shanghai) shall be entitled to declare an event of default and enforce the pledge on the equity interests of Culture Development. Moreover, CTV Media (Shanghai) may elect to purchase all or part of the equity interests and/or assets (as the case may be) in Culture Development under the Exclusive Purchase Option Agreement.

Liquidation

The Group is granted power under the Powers of Attorney to, among other things, join the liquidation committee of Culture Development to handle the liquidation process and exercise all relevant shareholders' rights. As a creditor of Culture Development, CTV Media (Shanghai) will have priority in distribution of Culture Development's assets, thus protecting and benefiting the Company's shareholders or creditors.

Under the Exclusive Purchase Option Agreement, in the event of a mandatory liquidation required by the PRC laws, the New Legal Owners shall give the remaining assets they received from liquidation as a gift to CTV Media (Shanghai) or its nominee to the extent permitted by PRC laws.

Dispute Resolution

Each of the New Structure Contracts (except for the Powers of Attorney) contains dispute resolution provisions that, among other things, (i) provide for arbitration and that arbitrators may award remedies over the shares or assets of Culture Development, injunctive relief (for example, for the conduct of business or to compel the transfer of shares and/or assets of Culture Development to CTV Media (Shanghai) or its nominees) or order the winding up of Culture Development; and (ii) provide the courts of competent jurisdictions with the power to grant interim remedies in support of the arbitration pending formation of the arbitration panel. The Courts of Hong Kong, the jurisdiction of the parties and places where the principal assets of the parties are specified as having jurisdiction for this purpose.

However, the Company's PRC legal adviser has advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitral tribunal has no power to award remedies over the shares or land assets of Culture Development or order the winding up of Culture Development under prevailing PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong may not be recognisable or enforceable in the PRC. Nevertheless, CTV Media (Shanghai) may seek interim remedies before a PRC court pursuant to Article 101 of The Civil Procedure Law of the People's Republic of China (2017).

Potential Conflict of Interests

To mitigate potential conflict of interests and ensure CTV Media (Shanghai)'s effective control over Culture Development, the following measures have been implemented.

- (i) pursuant to the Exclusive Purchase Option Agreement, the New Legal Owners and Culture Development irrevocably grant exclusive options to CTV Media (Shanghai) or its designated nominee(s) to, subject to compliance with applicable PRC laws and regulations, elect to purchase all or part of the equity interests and/or assets (as the case may be) in Culture Development.
- (ii) pursuant to the Powers of Attorney, each of the New Legal Owners irrevocably appoints designated persons of CTV Media (Shanghai) or his/her successor to act as her attorney on her own behalf to exercise all rights in connection with matters concerning her rights as shareholder of Culture Development.
- (iii) pursuant to the Exclusive Purchase Option Agreement and the Equity Pledge Agreement, the New Legal Owners undertake with CTV Media (Shanghai) not to carry out any actions or omissions which will give rise to conflict of interests between themselves and CTV Media (Shanghai) (including but not limited to its shareholders); and they shall take appropriate actions as instructed by CTV Media (Shanghai) in the event a conflict of interests arise (where CTV Media (Shanghai) has the sole and absolute discretion to determine whether such conflict arise).
- (iv) the Spouse Undertaking protect against the spouse of Ms. Wang from exercising any control or influence over Culture Development.

The Directors are of the view that the aforesaid measures are sufficient to mitigate the risks associated with the potential conflicts of interests between the Group and the New Legal Owners and to protect the Group's interests in Culture Development.

Loss Sharing

Under the Business Operation Agreement, Culture Development and the New Registered Shareholders shall first seek assistance from CTV Media (Shanghai) for performance guarantee or guarantee for obtaining financing. In such circumstances, CTV Media (Shanghai) may, and is not obliged to do so, provide relevant guarantee in favour of Culture Development.

As advised by Company's PRC legal adviser, none of the New Structure Contracts provide that CTV Media (Shanghai) is obliged to share the losses of Culture Development or provide financial support to Culture Development. Further, Culture Development is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. In any event, since the Group conducts the Restricted Business through Culture Development and the financial results of Culture Development are consolidated into the financial statements of the Group, thus any losses suffered by Culture Development would be reflected in the Group's consolidated financial statements and therefore the Group's consolidated financial position such as the consolidated earnings and profits will be adversely affected.

Unwinding the New VIE Structure

The Company will unwind the New VIE Structure as soon as PRC laws and regulations allow the business of Culture Development to be operated without the New VIE Structure, and the Company or its nominee may acquire the equity interests in Culture Development held by the New Legal Owners and/or the assets and inventory of Culture Development allocated to the Restricted Business to the extent as permitted by then applicable PRC laws and regulations.

In the event the Company exercises the options under the Exclusive Purchase Option Agreement to acquire the equity interests in Culture Development held by the New Legal Owners and/or the assets of Culture Development to unwind the New VIE Structure, each of the New Legal Owners and Culture Development has undertaken to return to CTV Media (Shanghai) any consideration they received.

Internal control measures

With a view to enhancing effective control over and safeguarding the assets of Culture Development, the Exclusive Purchase Option Agreement and the Equity Pledge Agreement provided that the New Legal Owners shall not sell, transfer, mortgage or otherwise dispose of any of their interests in Culture Development or be allowed to create any encumbrances on them without the prior written consent of CTV Media (Shanghai). Under the Exclusive Consultancy Service Agreement, CTV Media (Shanghai) has the right to request for Culture Development's financial information to ascertain its consolidated profit before tax from time to time.

In addition, the Company has also put in place the following internal control measures:

- the seals, chops, incorporation documents of Culture Development are kept at the office of CTV Media (Shanghai) to the extent permitted by PRC laws;
- CTV Media (Shanghai) is involved in making corporate strategy, business plan and budgets of Culture Development;
- terms of appointment of senior management of Culture Development are subject to review by CTV Media (Shanghai); and
- CTV Media (Shanghai) is involved in assessing material financial matters of Culture Development.

LEGALITY OF THE NEW VIE STRUCTURE

The Company's PRC legal adviser has confirmed that, among other things:

- (i) each of the New Legal Owners, CTV Media (Shanghai) and Culture Development has the capacity to enter into the New Structure Contracts;
- (ii) the entering into and performance of the New Structure Contracts by the relevant parties will not contravene any applicable PRC laws and regulations; and

(iii) the New Structure Contracts do not contravene with the articles of association of CTV Media (Shanghai) and Culture Development; nor do they contravene with applicable PRC laws and regulations, and will not be deemed as “concealing illegal intentions with a lawful form” and void under the PRC contract law.

Accordingly, the Directors are of the view that the New Structure Contracts have been tailored to achieve the business purpose of Culture Development and minimize potential conflicts and the New Structure Contracts are enforceable under applicable PRC laws and regulations. To the best of the Directors’ knowledge, the Company and/or CTV Media (Shanghai) has not encountered any interference or encumbrance from any governing bodies in operating the Restricted Business through Culture Development under the Existing Structure Contracts up to the date of this announcement.

INFORMATION ON CULTURE DEVELOPMENT AND THE NEW LEGAL OWNERS

Culture Development is a company established under the laws of the PRC. Upon completion of the registration of the Equity Transfer with the relevant PRC authorities, Culture Development will be owned as to 50% by Ms. Liu Zhiyi and 50% by Ms. Wang Hong. Culture Development and its subsidiaries are engaging in the Restricted Business.

During the year ended 31 December 2017, Culture Development recorded a revenue of approximately RMB25.40 million and a consolidated revenue of approximately RMB105.73 million; a profit of approximately RMB5.41 million and a consolidated loss of approximately RMB10.33 million. As at 31 December 2017, the consolidated total assets and consolidated net liabilities of Culture Development were approximately RMB394.37 million and RMB26.56 million respectively.

During the year ended 31 December 2016, Culture Development recorded a revenue of approximately RMB25.77 million and a consolidated revenue of approximately RMB85.61 million; a loss of approximately RMB7.07 million and a consolidated loss of approximately RMB41.41 million. As at 31 December 2016, the consolidated total assets and consolidated net liabilities of Culture Development were approximately RMB382.46 million and RMB16.46 million respectively.

Ms. Liu Zhiyi is a PRC resident and is the daughter of the Existing Legal Owners. She is currently the general manager of the film and television creation centre of the Group.

Ms. Wang is a PRC resident and is the niece of the Existing Legal Owners and the wife of Mr. Li Zongzhou, an executive Director. She is currently the vice president of the Group.

REASONS FOR ADOPTING THE VIE NEW STRUCTURE

The Company is an investment holding company and its subsidiaries are principally engaged in provision of TV advertisement, creative content production and digital marketing services for advertisers and advertising agents.

As advised by the Company’s PRC legal adviser, under the regulations of the Catalogue of Industries for Guiding Foreign Investment (2017 Revision) (《外商投資產業指導目錄 (2017年修訂)》) promulgated by of the National Development and Reform Commission and the Ministry of Commerce of the PRC, (i) the business of production of broadcasting and television programs in the PRC falls under the “prohibited” category which prohibits foreign investment; (ii) the business of value-added telecommunication in the PRC falls under the “restricted” category which restricts foreign investors to own more than 50% of the

entity operating such business; and (iii) the business of network audio-visual programme in the PRC falls under the “prohibited” category which prohibits foreign investment. As such, CTV Media (Shanghai) being a 99.7% owned subsidiary of the Company and a sino-foreign joint venture as well as any subsidiary of the Company are prohibited from or restricted in engaging in the Restricted Business owing to the aforesaid restriction. On the other hand, as Culture Development is not a foreign-invested enterprise, Culture Development and its subsidiaries can obtain and have obtained the relevant licenses required for conducting the Restricted Business in accordance with applicable PRC laws, namely, Radio and TV Program Production and Business Operation License (廣播電視節目製作經營許可證), Internet Content Provider License (電信與信息服務業務經營許可證) and Publication of Audio-Visual Programs through Information Network License (信息網絡傳播視聽節目許可證). Accordingly, the Company has been conducting the Restricted Business through Culture Development under the Existing VIE Structure.

The New VIE Structure is in substance a renewal of the Existing VIE Structure with the following amendments:

- (1) the registered shareholders of Culture Development will be changed from Mr. Chen and Ms. Liu Jinlan to Ms. Liu Zhiyi and Ms. Wang as part of the internal organisation and succession planning of the Company;
- (2) the consultancy fee payable by Culture Development to CTV Media (Shanghai) will be changed from 10% of the revenue of Culture Development to 100% of the consolidated profit before tax of Culture Development to ensure all economic benefits derived by Culture Development will be received by the Group;
- (3) as Culture Development no longer uses trademarks of CTV Media (Shanghai) in the course of its business, the parties did not seek to renew the Non-exclusive Trademark Licence Agreement under the Existing VIE Structure;
- (4) provisions in respect of dispute resolution, succession are modified or inserted in observance of the requirements under the Guidance Letter; and
- (5) relevant provisions are modified or inserted and additional undertaking are provided by the New Legal Owners and the spouse of Ms. Wang in order to enhance CTV Media (Shanghai)’s control over Culture Development and ensure the New VIE Structure can effectively confer all economic benefits from Culture Development to the Group.

As confirmed by the Company’s auditors, the New Structure Contracts will enable the Company to continue to consolidate the financial results of Culture Development as if it was a subsidiary of the Company under prevailing accounting principles.

The New VIE Structure offers better protection to the Company thereby ensuring it can exercise full control over the equity interests and assets of Culture Development and continue to consolidate the financial results of Culture Development into the accounts of the Company as if it was a subsidiary of the Company, and at the same time addressing the aforementioned foreign ownership restriction. The adoption of the VIE Structure is essential for the Company to continue engaging in the Restricted Business.

In view of the aforesaid, the Directors consider that the New Structure Contracts are in line with the principles set out in the Guidance Letter and are able to follow the Guidance Letter, and therefore are in the interests of the Company and its shareholders as a whole.

RISKS RELATED TO THE NEW VIE STRUCTURE

1. Potential changes in the PRC foreign investment legal regime

Notwithstanding the PRC legal adviser is of the view that the New Structure Contracts do not contravene with any applicable laws and regulations, there is uncertainty regarding the interpretation and applicable of the PRC laws and regulations such that the PRC government may determine that the Structure Contracts do not comply with the applicable laws and regulations of the PRC.

Moreover, on 19 January 2015, the Ministry of Commerce of the PRC circulated Foreign Investment Law of the People's Republic of China (Draft for Comment) (中華人民共和國外國投資法 (草案徵求意見稿), “**Draft Law**”), which contains proposed changes to the PRC foreign investment legal regime and the treatment of the variable interests entity (“**VIE**”) structure. The Draft Law (i) expressly specifies that foreign investments include situations where foreign investors obtain direct or indirect control or interests in the PRC enterprises through structured contracts, trust or other ways and (ii) implement a standardized foreign investment system and management system on restrictions on foreign investments under the prohibited and restricted lists. The Draft Law, if adopted, may have material impact on the PRC foreign investment legal regime.

As advised by the PRC legal adviser, since the Draft Law is not a bill or draft law under the relevant legislative law in the PRC, it does not have the effect of law and therefore poses no material impact on the New Structure Contracts.

2. There may be limitations in exercising the purchase rights to acquire equity interests in Culture Development

The Company adopted the New VIE Structure in order to indirectly participate in the Restricted Business and will unwind the New VIE Structure as soon as the law allows such business to be operated by foreign investors in the PRC without the New VIE Structure. However, CTV Media (Shanghai)'s acquisition of the shares and equity interests in Culture Development may only be conducted to the extent as permitted by applicable PRC laws and may also be subject to substantial costs. Under Exclusive Purchase Option Agreement and subject to compliance with applicable PRC laws and regulations, CTV Media (Shanghai) or its designated nominee shall be entitled to exercise options to purchase the New Legal Owners' equity interests in Culture Development and assets of Culture Development at the minimum price permitted by applicable laws if such transfer of equity interests is allowed by the applicable PRC laws.

3. The Group depends upon the New VIE Structure to control and obtain economic benefits from Culture Development, which may not be as effective as direct ownership

The Group conducts the Restricted Business indirectly through Culture Development by the New VIE Structure, pursuant to which the Group has control over the operations and assets of Culture Development and is entitled to the economic benefits with respect to the Culture Development's business. However, the New VIE Structure may not be as effective in providing the Group with control over the Culture Development as direct ownership.

If the Group had direct ownership of Culture Development, the Group would be able to exercise its rights directly as a registered shareholder to effect changes in the board of directors of Culture Development, which in turn could effect changes at the management level, subject to any applicable fiduciary obligations. However, under the proposed New VIE Structure, the Group will rely on Culture Development and its shareholders' (i.e. the New Legal Owners) performance of their contractual obligations to exercise effective control.

However, as described in the paragraph headed "Powers of Attorney" of this announcement, CTV Media (Shanghai) is granted with various shareholder's rights which enable CTV Media (Shanghai) to fully control the performance on the part of Culture Development and the New Legal Owners without their cooperation. Further, The Company has also put in place internal controls measures as described in the paragraph headed "Internal Control Measures" in this announcement to minimize the relevant risk.

4. There may be potential conflicts of interests between the New Legal Owners and the Company or CTV Media (Shanghai)

Culture Development and its registered shareholders, the New Legal Owners, may fail to take certain actions required for the Group's running of the Restricted Business or to follow the Group's instructions despite their contractual obligations to do so. If they fail to perform their obligations under the relevant New Structure Contracts, the Group may have to rely on legal remedies under PRC laws which may not be effective.

As described in the paragraph headed "Potential Conflict of Interests", various measures are in place to mitigate the risks associated with the potential conflicts of interests between the Group and the New Legal Owners.

5. The New Structure Contracts may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or scrutiny by the tax authorities within ten years after the taxable year when the transactions are conducted. The Group could face material adverse tax consequences if the PRC tax authorities determine that the New Structure Contracts do not represent arm's length negotiations and therefore constitute unfavourable transfer pricing arrangements. Unfavourable transfer pricing arrangements could, among other things, result in an upward adjustment of the amount of tax that CTV Media (Shanghai) or Culture Development is required to pay. In addition, the PRC tax authorities may impose interests on late payments on CTV Media (Shanghai) or Culture Development for the adjusted but unpaid taxes. The New Structure Contracts have been negotiated and executed based on an equal standing and reflect the true commercial intention of CTV Media (Shanghai) or Culture Development.

6. The Company does not have any insurance which covers the risk relating to the New Structure Contracts and the transactions contemplated thereunder

The Group has not purchased any insurance to cover the risk relating to the New Structure Contracts and the Company has no intention to purchase any insurance in this regard. If any event affect the enforceability and operation of the New Structure Contracts, the financial and operation results of the Group may be adversely affected. While the Group has put in place internal control measures as described in the paragraph headed “Internal Control Measures” in this announcement to minimize operational risk, the Group will continue to monitor the relevant legal and operational environment on a regular basis in order to comply with the applicable laws and regulations.

LISTING RULES IMPLICATIONS

As (i) Ms. Liu Zhiyi, being the daughter of the Existing Legal Owners who are Directors; (ii) Ms. Wang, being the niece of the Existing Legal Owners who are Directors and the wife of Mr. Li Zongzhou, an executive Director; and (iii) Culture Development, being a majority-controlled company held by Ms. Liu Zhiyi and Ms. Wang, are all associates of the Existing Legal Owners and therefore connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Loan Agreement and the Exclusive Purchase Option Agreement constitute connected transactions whilst the transaction contemplated under the Exclusive Consultancy Service Agreement constitutes a continuing connected transaction of the Company. The Company is therefore required to comply with the relevant requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than profits ratio) with reference to the Loan Agreement exceed 0.1% but all are less than 5%, the connected transaction contemplated thereunder is subject to the reporting, announcement requirements but are exempt from circular (including independent financial advice) and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the Group has discretion to exercise the option granted by the New Legal Owners to CTV Media (Shanghai) pursuant to the Exclusive Purchase Option Agreement, the acquisition of the option is classified based on the amount of the premium payable by the Group in accordance to Rule 14A.79(2) of the Listing Rules. As the premium is payable by CTV Media (Shanghai) to the New Legal Owners under the Exclusive Purchase Option Agreement for the acquisition of the option is nil, all of the applicable percentage ratios (other than profits ratio) with reference to the Exclusive Purchase Option Agreement are less than 0.1%, the connected transaction contemplated thereunder is fully exempt under Rule 14A.76(1)(a) of the Listing Rules.

As it is contemplated that the applicable percentage ratios (other than profits ratio) with reference to the annual amount of the Exclusive Consultancy Service Agreement will be less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from circular (including independent financial advice) and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Structure Contracts have been arrived after arm’s length negotiations, are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Notwithstanding the respective relationship of certain Directors with the New Legal Owners, none of them is considered as having a material interest in the transactions contemplated under the New Structure Contracts, therefore all Directors are entitled to vote on the relevant Board resolution pursuant to the Company’s articles of association.

WAIVER FROM STRICT COMPLIANCE WITH LISTING RULES

The Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to the Company, for transactions contemplated under each of the New Structure Contracts to be subject to the requirement of limiting the term to three years or less under Rule 14A.52 and the transactions contemplated under the Exclusive Consultancy Service Agreement to be subject to the requirement of setting an annual cap under Rule 14A.53.

The Company has applied and the Stock Exchange has granted a waiver from strict compliance with (i) setting a fixed period for the New Structure Contracts pursuant to Rule 14A.52; and (ii) setting a maximum aggregate annual caps for the service fees pursuant to Rule 14A.53 under the Exclusive Consultancy Service Agreement subject to the following conditions:

1. No change without independent non-executive Directors' approval: No change to the terms of the New Structure Contracts will be made without the approval of the independent non-executive Directors.
2. Economic benefits and flexibility: The New Structure Contracts shall continue to enable the Group to receive the economic benefits derived by Culture Development through: (i) the Group's options (if and when so allowed under applicable PRC laws) to purchase, all or part of the entire equity interests and assets in Culture Development at the minimum price as permitted under the applicable PRC laws and regulations; (ii) the business structure under which the consolidated profit before tax generated by Culture Development are retained by the Group; and (iii) the Group's absolute right to control the management and operation of, as well as, in substance, all of the voting rights of Culture Development.
3. Ongoing reporting and approvals: the Group will disclose details relating to the New VIE Structure on an ongoing basis as follows:
 - (a) the New Structure Contracts in place during each financial period will be disclosed in the Company's annual reports and accounts in accordance with the relevant provisions of the Listing Rules;
 - (b) the independent non-executive Directors will review the related New Structure Contracts annually and confirm in the Company's annual report and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the New Structure Contracts, have been operated so that the consolidated profit generated by Culture Development has been substantially retained by the Group; and (ii) no dividends or other distributions have been made by Culture Development to the New Legal Owners which are not otherwise subsequently assigned or transferred to the Group;
 - (c) the Company's auditors will carry out review procedures annually on the related transactions carried out pursuant to the New Structure Contracts and will provide a letter to the Directors with a copy to the Stock Exchange, at least ten business days before bulk printing of the Company's annual report, confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant New Structure Contracts and that no dividends or other distributions have been made by Culture Development to the New Legal Owners which are not otherwise subsequently assigned or transferred to the Group;

- (d) for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, Culture Development will be treated as the Company’s wholly-owned subsidiary, but at the same time its directors, chief executives or substantial shareholders and their respective associates will be treated as the Company’s connected persons, and transactions between these connected persons and the Group other than those under the New Structure Contracts shall comply with Chapter 14A of the Listing Rules; and
- (e) Culture Development will undertake that, during the term of the Exclusive Consultancy Service Agreement, Culture Development will provide the Group’s management and the Company’s auditors with full access to its relevant records for the purpose of auditors’ review of the connected transactions.
4. Renewal and reproduction of the New Structure Contracts: On the basis that the New Structure Contracts provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding on the one hand, and Culture Development on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the New Structure Contracts. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish will, upon renewal and, or reproduction of the New Structure Contracts, however be treated as connected persons of the Company and transactions between these connected persons and the Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant laws, regulations and approvals of the PRC.

The principal terms of the New Structure Contracts will be published on the Company’s website (<http://www.sinomedia.com.hk/>) for transparency purpose upon this announcement is being published.

DEFINITION

Unless the context otherwise required, the following terms shall have the meaning set opposite to them in this announcement:

“Board”	the board of Directors
“Business Operation Agreement”	the business operation agreement dated 27 April 2018 entered into among CTV Media (Shanghai), Culture Development and the New Legal Owners
“Company”	SinoMedia Holding Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 623)

“CTV Media (Shanghai)”	CTV Golden Bridge International Media Group Co., Ltd.* (中視金橋國際傳媒集團有限公司), a sino-foreign equity joint venture enterprise which is owned as to 99.7% by the Company
“Culture Development”	CTV Golden Bridge Culture Development (Beijing) Company Limited* (中視金橋文化發展(北京)有限公司), a company established under the laws of the PRC with limited liability
“Directors”	directors of the Company
“Effective Date”	the date on which the conditions to the New Structure Contracts as set out in the section “Conditions to the New Structure Agreements” in this announcement have been fulfilled
“Equity Pledge Agreement”	the equity pledge agreement dated 27 April 2018 entered into among CTV Media (Shanghai) and the New Legal Owners
“Equity Transfer”	the transfer of 100% of equity interests in Culture Development from the Existing Legal Owners to the New Legal Owners pursuant to the Equity Transfer Agreements
“Equity Transfer Agreements”	collectively (1) the first equity transfer agreement dated 27 April 2018 entered into among Mr. Chen, Ms. Wang and CTV Media (Shanghai) and (2) the second equity transfer agreement dated 27 April 2018 entered into among Ms. Liu Jinlan, Ms. Liu Zhiyi and CTV Media (Shanghai)
“Exclusive Consultancy Service Agreement”	the exclusive consultancy service agreement dated 27 April 2018 entered into between CTV Media (Shanghai) and Culture Development
“Existing Legal Owners”	Mr. Chen and Ms. Liu Jinlan
“Exclusive Purchase Option Agreement”	the exclusive purchase option agreement dated 27 April 2018 entered into among CTV Media (Shanghai), Culture Development and the New Legal Owners
“Existing Structure Contracts”	the agreements entered into among CTV Media (Shanghai), Culture Development and the Existing Legal Owners (as the case may be) as disclosed in the announcement of the Company dated 27 October 2011
“Existing VIE Structure”	the contractual arrangement pursuant to the Existing Structure Contracts for the Group to indirectly participate in the production and management of broadcasting and television programs business in the PRC
“Group”	the Company and its subsidiaries
“Guidance Letter”	the guidance letter HKEx-GL77-14 “Guidance on listed issuers using contractual arrangements for their businesses” published by the Stock Exchange

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in aggregate amount of RMB30 million owed by the New Legal Owners to CTV Media (Shanghai) pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 27 April 2018 entered into among CTV Media (Shanghai) and the New Legal Owners
“Mr. Chen”	Mr. Chen Xin, an executive Director and the chairman of the Company
“Ms. Liu Jinlan”	Ms. Liu Jinlan, an executive Director and the chief executive officer of the Company
“Ms. Liu Zhiyi”	Ms. Liu Zhiyi, the daughter of the Existing Legal Owners
“Ms. Wang”	Ms. Wang Hong, the niece of the Existing Legal Owners and the wife of Mr. Li Zongzhou, an executive Director
“New Legal Owners”	Ms. Liu Zhiyi and Ms. Wang Hong
“New Structure Contracts”	collectively (1) the Exclusive Consultancy Service Agreement; (2) the Loan Agreement; (3) the Exclusive Purchase Option Agreement; (4) the Equity Pledge Agreement; (5) the Business Operation Agreement; and (6) the Powers of Attorney
“New VIE Structure”	the contractual arrangement pursuant to the New Structure Contracts for the Group to indirectly participate in the Restricted Business
“Non-exclusive Trademark Licence Agreement”	the non-exclusive trademark licence agreement dated 27 October 2011 entered into between CTV Media (Shanghai) and Culture Development
“Powers of Attorney”	collectively (1) the power of attorney dated 27 April 2018 executed by Ms. Liu Zhiyi in favour of CTV Media (Shanghai) and (2) the power of attorney dated 27 April 2018 executed by Ms. Wang in favour of CTV Media (Shanghai)
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan, for the purposes of this announcement
“Restricted Business”	the businesses engaged by Culture Development in the PRC, namely (i) the business of production of broadcasting and television programs; (ii) the business of value-added telecommunication; and (iii) the business of network audio-visual programme service

“RMB”	Renminbi, the lawful currency of the PRC
“Spouse Undertaking”	the spouse undertaking dated 27 April 2018 executed by the spouse of Ms. Wang in favour of CTV Media (Shanghai)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 27 April 2018 entered into among the Existing Legal Owners, the New Legal Owners, CTV Media (Shanghai) and Culture Development

On behalf of the Board
SinoMedia Holding Limited
Chen Xin
Chairman

Hong Kong, 27 April 2018

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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