Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.

中國三三傳媒集團有限公司
CHINA 33 MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 08087)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The board (the "**Board**") of directors (the "**Directors**") of China 33 Media Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2012, together with comparative figures for the corresponding period in 2011, as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2012

	Notes	**2012** *RMB'000*	2011 *RMB'000*
REVENUE	*5*	**226,353**	216,841
Cost of sales		**(149,717)**	(83,600)
Gross profit		**76,636**	133,241
Other income/(expense) and gains, net	*5*	**(2,135)**	4,220
Selling and distribution expenses		**(86,967)**	(49,006)
Administrative expenses		**(58,080)**	(39,117)
Other operating expenses		**(28,342)**	(22,739)
Share of profits and losses of:			
A jointly-controlled entity		**(439)**	(414)
Associates		**(632)**	223
PROFIT/(LOSS) BEFORE TAX	*6*	**(99,959)**	26,408
Income tax expense	*7*	**(7,621)**	(11,974)
PROFIT/(LOSS) FOR THE YEAR		**(107,580)**	14,434
Attributable to:			
Owners of the Company	*8*	**(107,109)**	14,923
Non-controlling interests		**(471)**	(489)
		(107,580)	14,434
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic (cents)	*10*	**(RMB17.85)**	RMB2.58
Diluted (cents)	*10*	**(RMB17.85)**	RMB2.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR	**(107,580)**	14,434
OTHER COMPREHENSIVE LOSS FOR THE YEAR:		
Exchange differences on translation of foreign operations	**(914)**	(5,557)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(108,494)**	8,877
Attributable to:		
Owners of the Company	**(108,023)**	9,366
Non-controlling interests	**(471)**	(489)
	(108,494)	8,877

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,349**	5,820
Intangible assets		**2,351**	13,968
Other non-current assets		**21,080**	17,551
Investment in a jointly-controlled entity		**573**	1,012
Investments in associates		**8,049**	2,115
Available-for-sale investment		**439**	1,277
Deposits	*12*	**27,733**	10,579
Total non-current assets		**68,574**	52,322
CURRENT ASSETS			
Trade receivables	*11*	**43,409**	44,318
Prepayments, deposits and other receivables	*12*	**35,356**	60,553
Amounts due from directors		**3,260**	30,611
Amount due from a shareholder		**16,815**	–
Cash and cash equivalents		**142,587**	210,850
Total current assets		**241,427**	346,332
CURRENT LIABILITIES			
Trade payables	*13*	**30,214**	15,948
Other payables and accruals	*14*	**42,066**	27,138
Amounts due to directors		**–**	454
Amount due to a shareholder		**–**	1,784
Amount due to a related company		**–**	1,900
Tax payable		**2,294**	4,087
Total current liabilities		**74,574**	51,311
NET CURRENT ASSETS		**166,853**	295,021
TOTAL ASSETS LESS CURRENT LIABILITIES		**235,427**	347,343
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**564**	3,468
Net assets		**234,863**	343,875
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**3,957**	3,969
Reserves		**224,094**	332,923
		228,051	336,892
Non-controlling interests		**6,812**	6,983
Total equity		**234,863**	343,875

NOTES

Year ended 31 December 2012

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 May 2010 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Room 4215, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

Pursuant to a reorganisation (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries in preparation for the listing of the Company's shares on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies then comprising the Group on 17 December 2010. Further details of the Reorganisation are set out in the Company's listing prospectus dated 22 February 2011 (the "Prospectus"). The shares of the Company were listed on the GEM of the Stock Exchange on 28 February 2011.

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in the operation and provision of advertising services of printed media and audio programmes for railway networks, and outdoor advertising spaces on air traffic control towers at airports, trains and railway stations in Mainland China.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee, and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention. They are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an entity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits/(accumulated loss), as appropriate.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

The adoption of these revised IFRSs has had no significant financial effect on these financial statements.

3.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements:

IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[1]
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Government Loans*[2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
IFRS 9	*Financial Instruments*[4]
IFRS 10	*Consolidated Financial Statements*[2]
IFRS 11	*Joint Arrangements*[2]
IFRS 12	*Disclosure of Interests in Other Entities*[2]
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 *— Transition Guidance*[2]
IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) *— Investment Entities*[3]
IFRS 13	*Fair Value Measurement*[2]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*[2]
IAS 27 (Revised)	*Separate Financial Statements*[2]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
Annual Improvements 2009–2011 Cycle	Amendments to a number of IFRSs issued in May 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their advertising channels and has three reportable operating segments in Mainland China as follows:

(a) printed media advertising: sale of advertising spaces in magazines and newspapers;

(b) outdoor advertising: sale of outdoor advertising spaces at the towers, trains and railway stations; and

(c) audio advertising: sale of advertising air time through audio broadcasting during train transmission.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, amortised interest expense on non-current deposits, other unallocated income and gains, net, share of profits and losses of a jointly-controlled entity and associates as well as corporate and other unallocated expenses are excluded from such measurement. Corporate and other unallocated expenses included selling and distribution expenses, administrative expenses and other operating expenses except for impairment of trade receivables, impairment of intangible assets, impairment of available-for-sale investment and impairment of non-current deposits.

Segment assets include trade receivables, non-current deposits, other non-current assets, intangible assets and prepayments as these assets are not managed on a group basis.

Segment liabilities include trade payables and receipts in advance from customers included in other payables and accruals as these liabilities are not managed on a group basis.

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Audio advertising *RMB'000*	Total *RMB'000*
Year ended 31 December 2012				
Segment revenue:				
Sales to external customers	**145,901**	**72,726**	**7,726**	**226,353**
Segment results	**69,364**	**(18,953)**	**(888)**	**49,523**
Reconciliation:				
Bank interest income				**2,301**
Amortised interest expense on non-current deposits, net				**(6,146)**
Other unallocated income and gains, net				**1,710**
Share of profits and losses of:				
A jointly-controlled entity				**(439)**
Associates				**(632)**
Corporate and other unallocated expenses				**(146,276)**
Loss before tax				**(99,959)**
Income tax expense				**(7,621)**
Loss for the year				**(107,580)**
Segment assets	**32,074**	**76,774**	**5,824**	**114,672**
Reconciliation:				
Investment in a jointly-controlled entity				**573**
Investments in associates				**8,049**
Available-for-sale investment				**439**
Cash and cash equivalents				**142,587**
Amounts due from directors				**3,260**
Amount due from a shareholder				**16,815**
Corporate and other unallocated assets				**23,606**
Total assets				**310,001**

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Audio advertising *RMB'000*	Total *RMB'000*
Year ended 31 December 2012 *(continued)*				
Segment liabilities	**(20,734)**	**(22,792)**	**–**	**(43,526)**
Reconciliation:				
Corporate and other unallocated liabilities				**(31,612)**
Total liabilities				**(75,138)**
Other segment information:				
Depreciation (unallocated)				**1,371**
Amortisation of intangible assets	**1,891**	**110**	**929**	**2,930**
Amortisation of other non-current assets	**–**	**1,278**	**–**	**1,278**
Impairment of trade receivables	**8,363**	**768**	**7,795**	**16,926**
Impairment of intangible assets	**8,687**	**–**	**–**	**8,687**
Impairment of available-for-sale investment (unallocated)				**838**
Impairment of non-current deposits	**–**	**1,500**	**–**	**1,500**
Capital expenditure (allocated)*	**–**	**4,807**	**–**	**4,807**
Capital expenditure (unallocated)**				**3,184**

* Capital expenditure (allocated) consists of additions to other non-current assets during the year.

** Capital expenditure (unallocated) consists of additions to property, plant and equipment during the year.

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Audio advertising *RMB'000*	Total *RMB'000*
Year ended 31 December 2011				
Segment revenue:				
Sales to external customers	180,148	23,698	12,995	216,841
Segment results	107,026	289	3,238	110,553
Reconciliation:				
Bank interest income				2,134
Amortised interest expense on non-current deposits, net				(447)
Other unallocated income and gains, net				2,533
Share of profits and losses of:				
A jointly-controlled entity				(414)
An associate				223
Corporate and other unallocated expenses				(88,174)
Profit before tax				26,408
Income tax expense				(11,974)
Profit for the year				14,434
Segment assets	44,747	63,949	3,790	112,486
Reconciliation:				
Investment in a jointly-controlled entity				1,012
Investment in an associate				2,115
Available-for-sale investment				1,277
Cash and cash equivalents				210,850
Amounts due from directors				30,611
Corporate and other unallocated assets				40,303
Total assets				398,654
Segment liabilities	(18,112)	(5,919)	(2,455)	(26,486)
Reconciliation:				
Corporate and other unallocated liabilities				(28,293)
Total liabilities				(54,779)
Other segment information:				
Depreciation (unallocated)				1,331
Amortisation of intangible assets	1,892	110	929	2,931
Amortisation of other non-current assets	–	1,278	–	1,278
Impairment of trade receivables	14,739	–	7,949	22,688
Capital expenditure (allocated)*	–	9,481	–	9,481
Capital expenditure (unallocated)**				3,919

* Capital expenditure (allocated) consists of additions to other non-current assets during the year.

** Capital expenditure (unallocated) consists of additions to property, plant and equipment and an acquisition of an available-for-sale investment during the year.

Geographical information

As the Group only operates in Mainland China and all of its customers are located in Mainland China, no geographical information is presented.

Information about major customers

For the years ended 31 December 2012 and 2011, no revenue derived from a single customer of the Group accounted for over 10% of the Group's total revenue.

5. REVENUE, OTHER INCOME/(EXPENSE) AND GAINS, NET

Revenue, which is also the Group's turnover, represents the advertising income, net of business tax. An analysis of revenue and other income and gains, net, is as follows:

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Printed media advertising income	**149,400**	188,079
Outdoor advertising income	**74,532**	24,666
Audio advertising income	**8,030**	13,461
	231,962	226,206
Less: Business tax	**(5,609)**	(9,365)
Total	**226,353**	216,841
Other income/(expense) and gains, net		
Bank interest income	**2,301**	2,134
Amortised interest expense on non-current deposits, net *(note 12)*	**(6,146)**	(447)
Government grants*	**653**	2,325
Others	**1,057**	208
Total	**(2,135)**	4,220

* There are no unfulfilled conditions or contingencies relating to the government grants.

6. PROFIT/(LOSS) BEFORE TAX

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

	2012	2011
	RMB'000	*RMB'000*
Depreciation	**1,371**	1,331
Amortisation of intangible assets	**2,930**	2,931
Amortisation of other non-current assets	**1,278**	1,278
Impairment of trade receivables*	**16,926**	22,688
Impairment of intangible assets*	**8,687**	–
Impairment of available-for-sale investment*	**838**	–
Impairment of non-current deposits*	**1,500**	–
Minimum lease payments under operating leases on land and buildings	**5,700**	5,089
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**74,018**	46,844
Equity-settled share option expenses	**–**	86
Pension scheme contributions**	**6,992**	4,929
	81,010	51,859
Auditors' remuneration	**1,621**	1,582
Exchange loss/(gain), net	**(523)**	3,919
Loss on disposal of items of property, plant and equipment	**–**	2

* The impairment of trade receivables, the impairment of intangible assets, the impairment of available-for-sale investment and the impairment of non-current deposits are included in "other operating expenses" on the face of the consolidated income statement.

** As at the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2011: Nil). Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rate, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the PRC Corporate Income Tax Law, the PRC corporate income tax rate of all the PRC subsidiaries is 25%.

	2012	2011
	RMB'000	*RMB'000*
Group:		
Current — Mainland China		
Charge for the year	**6,080**	12,363
Underprovision in prior periods	**4,445**	221
Deferred	**(2,904)**	(610)
Total tax charge for the year	**7,621**	11,974

8. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit/(loss) attributable to owners of the Company for the year ended 31 December 2012 includes a loss of RMB7,819,000 (2011: RMB20,156,000) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2012 (2011: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the loss for the year attributable to owners of the Company of RMB107,109,000 (2011: profit of RMB14,923,000) and the weighted average number of ordinary shares of 600,068,000 (2011: 579,275,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2012 and 2011 as the Group had no potentially dilutive ordinary shares in issue during those years.

11. TRADE RECEIVABLES

Group

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**81,245**	67,951
Less: Impairment	**(37,836)**	(23,633)
	43,409	44,318

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 180 days. The Group seeks to apply strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Although the Group's trade receivables relate to a number of diversified customers, there is a certain concentration of credit risk. The trade receivables from the five largest debtors at 31 December 2012 represented 33% (2011: 33%) of the total trade receivables, while 10% (2011: 10%) of the total trade receivables were due from the largest debtor. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at the end of the reporting period, an aged analysis of the trade receivables, based on the advertisement publication date, is as follows:

Group

	2012	2011
	RMB'000	*RMB'000*
Within 3 months	**33,608**	19,563
3 to 6 months	**6,680**	5,590
6 months to 1 year	**7,204**	18,824
Over 1 year	**33,753**	23,974
	81,245	67,951

The movements in the provision for impairment of trade receivables are as follows:

Group

	2012	2011
	RMB'000	*RMB'000*
At beginning of the reporting period	**23,633**	945
Impairment losses recognised	**16,926**	22,688
Amount written off as uncollectible	**(2,723)**	–
At end of the reporting period	**37,836**	23,633

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables with a carrying amount before provision of RMB38,736,000 (2011: RMB37,003,000) as at 31 December 2012.

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

Group

	2012	2011
	RMB'000	*RMB'000*
Neither past due nor impaired	**32,934**	19,599
Past due but not impaired:		
Less than 3 months	**3,810**	5,559
More than 3 months	**5,765**	5,790
	42,509	30,948

Receivables that were neither past due nor impaired mainly represent sales made to recognised and creditworthy customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good repayment record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2012	2011
	RMB'000	*RMB'000*
Current:		
Other receivables	**7,407**	2,202
Prepayments	**19,348**	24,743
Rental, utility and other deposits	**6,983**	17,424
Staff advances	**1,618**	16,184
	35,356	60,553
Non-current:		
Deposits *(note)*	**27,733**	10,579
	63,089	71,132

Notes:

As at 31 December 2011, balance represented deposit paid in 2008 for the exclusive rights to sell the advertising spaces on the Towers in Mainland China for a period of 9 years from 20 June 2008 to 19 June 2017 and deposits paid in 2011 for certain designated outdoor advertising spaces in railway stations in Mainland China with the expiry dates on 31 December 2014 and 31 December 2015. The deposit paid by the Group in 2008 amounted to RMB8,000,000 and the deposits paid by the Group in 2011 for the advertising rights with the respective expiry dates on 31 December 2014 and 31 December 2015 amounted to RMB5,000,000 and RMB500,000, respectively. The deposits are fully repayable to the Group upon their respective expiry date of the advertising right. The deposit paid in 2008 is carried at amortised cost at the Group's statement of financial position using an effective interest rate of 5.85%, resulting in an interest income of RMB342,000 (2011: RMB324,000) in the current year. The deposits paid in 2011 are carried at amortised cost at the Group's statement of financial position using an effective interest rate of 5.00%, resulting in an interest income of RMB237,000 (2011: interest expense of RMB771,000) in the current year. The above interest income and expenses are included in "Amortised interest expense on non-current deposits" under "Other income/(expense) and gains, net" on the face of the consolidated income statement.

During the year ended 31 December 2012, deposits of RMB300,000, RMB16,500,000 and RMB3,000,000 were paid for certain designated outdoor advertising spaces in railway stations in Mainland China with the expiry dates on 8 March 2015, 31 March 2018 and 31 March 2018, respectively. In addition, the Group paid RMB5,000,000 in the current year for the distribution and advertising rights on a magazine with the expiry date on 30 June 2022. The above deposits paid by the Group are fully repayable to the Group on their respective expiry date of the right. The deposits are carried at amortised cost at the Group's statement of financial position using an effective interest rate of 4.75%, resulting in an interest expense of RMB6,725,000 in the current year. The above interest expenses are included in "Amortised interest expense on non-current deposits, net" under "Other income/(expense) and gains, net" on the face of the consolidated income statement.

13. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

Group

	2012	2011
	RMB'000	*RMB'000*
Within 3 months	**16,536**	13,319
3 to 6 months	**5,543**	1,554
Over 6 months	**8,135**	1,075
	30,214	15,948

As at 31 December 2012, included in the trade payables are trade payables of RMB2,393,000 (2011: RMB4,791,000) due to the non-controlling shareholder of a subsidiary which was repayable within 30 days.

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

14. OTHER PAYABLES AND ACCRUALS

Group

	2012	2011
	RMB'000	*RMB'000*
Receipts in advance from customers	**13,312**	10,538
Accrued salaries and staff welfare	**19,859**	13,725
Other accruals	**8,510**	1,542
Other tax payable	**385**	1,333
	42,066	27,138

Company

	2012	2011
	RMB'000	*RMB'000*
Other accruals	**1,709**	771

Other payables are non-interest-bearing and have an average term of one month.

15. SHARE CAPITAL

Shares

	2012	2011
	RMB'000	*RMB'000*
Authorised:		
40,000,000,000 (2011: 40,000,000,000) ordinary shares of US$0.001 each	**263,672**	263,672
Issued and fully paid:		
600,000,000 (2011: 601,900,000) ordinary shares of US$0.001 each	**3,957**	3,969

A summary of the movements in the Company's issued share capital during the year is as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares *RMB'000*
Issued:			
At 1 January 2011		450,000,000	2,967
Issuance of new shares on 25 February 2011	*(a)*	150,000,000	989
Issuance of new shares on 30 March 2011	*(b)*	3,090,000	20
Repurchase and cancellation of ordinary shares	*(c)*	(1,190,000)	(7)
Issued capital as at 31 December 2011 and 1 January 2012		601,900,000	3,969
Repurchase and cancellation of ordinary shares	*(d)*	(1,900,000)	(12)
At 31 December 2012		600,000,000	3,957

Notes:

(a) In connection with the Company's initial public offering, 150,000,000 shares of US$0.001 each were issued at a price of HK$1.8 per share for a total cash consideration, before expenses, of approximately HK$270,000,000 (equivalent to RMB226,800,000) on 25 February 2011. Dealings in these shares on the Stock Exchange commenced on 28 February 2011.

(b) In connection with the Company's initial public offering, an over-allotment option was exercised by Oriental Patron Securities Limited ("Oriental Patron") and accordingly, 3,090,000 shares of US$0.001 each were issued to Oriental Patron at a price of HK$1.8 per share for a total cash consideration, before expenses, of approximately HK$5,562,000 (equivalent to RMB4,672,000) on 30 March 2011. Oriental Patron might exercise the over-allotment option, which was exercisable from the listing date (i.e., 28 February 2011) up to 30 March 2011.

(c) During the year ended 31 December 2011, the Company repurchased 1,622,000 shares of US$0.001 at prices ranging from HK$0.56 to HK$0.64 per share at an aggregate consideration of RMB783,000. 1,190,000 repurchased ordinary shares were cancelled during the same year. The premium of approximately RMB560,000 paid on the repurchase of such shares was debited to the share premium account and an amount of RMB7,000 was transferred from accumulated losses of the Company to the capital redemption reserve, as set out in note 30 to the financial statements. In respect of the 432,000 ordinary shares not yet cancelled as at 31 December 2011, treasury shares of RMB216,000 are recorded at the amount of consideration paid and deducted from equity attributable to the owners of the Company and those treasury shares are cancelled during the year ended 31 December 2012.

(d) During the year ended 31 December 2012, the Company repurchased 1,468,000 shares of US$0.001 at prices ranging from HK$0.64 to HK$0.69 per share at an aggregate consideration of RMB818,000. 1,900,000 repurchased ordinary shares, including 432,000 ordinary shares repurchased but not yet cancelled as at 31 December 2011 and 1,468,000 ordinary shares repurchased in the current year, were cancelled during the year ended 31 December 2012. The premium of approximately RMB1,022,000, including RMB806,000 paid on the repurchase of shares during the year, was debited to the share premium account and an amount of RMB12,000 was transferred from accumulated losses of the Company to the capital redemption reserve.

16. OPERATING LEASE ARRANGEMENTS

The Group leases its office premises under operating lease arrangements. Leases for these properties are negotiated for terms of one to three years (2011: one to three years).

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

	2012	2011
	RMB'000	*RMB'000*
Within 1 year	**2,513**	3,512
After 1 year but within 5 years	**913**	1,215
	3,426	4,727

At the end of the reporting period, the Company did not have any significant operating lease commitments (2011: Nil).

17. COMMITMENTS

In addition to the operating lease commitments detailed in note 16 above, the Group had the following commitments at the end of the reporting period:

	Group	
	2012	2011
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Agency fees for printed media and outdoor advertising	**82,980**	158,045
Other non-current assets for outdoor advertising	**3,517**	7,389
	86,497	165,434

At the end of the reporting period, the Company did not have any significant commitments (2011: Nil).

18. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (2011: Nil).

19. EVENT AFTER THE REPORTING PERIOD

The Group has been the sole advertising agent of three magazines, which are the three out of five publications approved by the Ministry of Railways for distribution on the trains. According to an announcement (the "RDCAA Announcement") issued by Railway Division of China Advertising Association on 29 November 2012, it would invite public tendering from qualified participants of the right of distribution of magazines on all passenger trains in the PRC.

In January 2013, China Railway Publisher, the Group's PRC publishing partner of one of the magazines, has successfully obtained the distribution right of the magazine from the public tendering. However, the directors of the Company was given to understand that People Railway Publisher, the Group's PRC publishing partner of the other two magazines, had not submitted tendering proposals for these two magazines, and the distribution of these two magazines was halted on the highspeed railway network in China subsequent to the release of the tendering result.

Details of the above were set out in the Company's announcements dated 7 January 2013 and 23 January 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's total revenue for the year ended 31 December 2012 was RMB226,353,000, representing an increase of approximately 4.4% as compared to RMB216,841,000 for the year ended 31 December 2011. The Group recorded a total comprehensive loss attributable to owners of the Company for the year amounted to RMB108,023,000 while it recorded a total comprehensive income attributable to owners of the Company amounted to RMB9,366,000 last year.

REVENUE BY SEGMENT

Analysis of revenue by segment is as follows:

	2012 *RMB'000*	2011 *RMB'000*	**Change(%)**	**2012** **% of total revenue**	2011
Printed media advertising	**145,901**	180,148	(19.0)	**64.5**	83.1
Audio programmes advertising	**7,726**	12,995	(40.5)	**3.4**	6.0
Outdoor media advertising	**72,726**	23,698	206.9	**32.1**	10.9
	226,353	216,841	4.4	**100.0**	100.0

Printed Media Advertising

Revenue from printed media advertising was the principal source of revenue for the year and it contributed approximately 64.5% of the Group's total revenue. It is expected to continue to be the principal source of revenue in the future. Revenue from printed media advertising principally represented the amount generated from the sales of the advertising space on the periodicals and newspaper operated by the Group and was recognised upon the publication of the periodicals and newspaper in which the respective advertisement was placed. "旅伴" (Fellow Traveller) and "報林" (Resource) are monthly nation-wide periodicals distributed on all China Railway High-speed ("**CRH**") trains and selected regular trains in China. "旅客報" (Passengers) and "旅客報1318" (Passengers 1318) (which is a special edition of "旅客報" (Passengers) available on the route of the CRH trains Beijing-Shanghai only) are route-specific newspapers distributed on CRH trains which comprises 12 different route-specific supplements providing the local contents as at 31 December 2012.

Revenue from printed media advertising decreased by approximately 19%, from RMB180,148,000 last year to RMB145,901,000 current year. The decrease was mainly attributable to the decrease of advertising orders from property developers and companies related to property development due to the imposition of control measures on the real estate sector by the PRC government.

Audio Programmes Advertising

Revenue from audio programmes advertising represented the amount generated from the sales of advertising timeslots which was part of the audio programmes produced by the Group for broadcasting during train transmission. It is mainly driven by duration of the audio advertisements, the price per standard timeslot (i.e. 15 or 30 seconds) and the frequency of broadcast.

Revenue from audio programmes advertising decreased by RMB5,269,000 or approximately 40.5% to RMB7,726,000 for the current year. The decrease was mainly resulted from the decrease in demand for advertising as a result of the Wenzhou's CRH train collision incident on 23 July 2011 and the loss of a major customer which has not renewed its advertising contract with the Group which expired last year.

Outdoor Media Advertising

Revenue from outdoor media advertising represented the amount generated from the sales of advertising spaces on the air traffic control towers at various airports, billboards and LED installed at certain selected train stations and advertising on headrest cover sheets, folding tables and poster frames on CRH trains.

Revenue from outdoor media advertising increased from RMB23,698,000 last year to RMB72,726,000 for the current year. The increase was mainly due to the commencement of billboards and LED advertising and advertising on headrest cover sheets, folding tables and poster frames in the second half of 2011.

SEGMENT RESULTS AND PROFIT/(LOSS) MARGIN OF SEGMENT

Analysis of segment results is as follows:

	Revenue		Cost		Segment results		Change	
	2012	2011	**2012**	2011	**2012**	2011		
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	%
Printed media advertising	**145,901**	180,148	**76,537**	73,122	**69,364**	107,026	**(37,662)**	(35.2)
Audio programmes advertising	**7,726**	12,995	**8,614**	9,757	**(888)**	3,238	**(4,126)**	(127.4)
Outdoor media advertising	**72,726**	23,698	**91,679**	23,409	**(18,953)**	289	**(19,242)**	(6,658.1)
	226,353	216,841	**176,830**	106,288	**49,523**	110,553	**(61,030)**	(55.2)

During the year, the segment results of printed media advertising recorded a segment profit of RMB69,364,000, representing a decrease of approximately 35.2% as compared with a segment profit of RMB107,026,000 last year. Audio programmes advertising recorded a segment loss of RMB888,000 for the year while it recorded a segment profit of RMB3,238,000 last year. Segment results of outdoor media advertising recorded a segment loss of RMB18,953,000 for the year while it recorded a segment profit of RMB289,000 last year which mainly resulted from the amortisation of agency fee, maintenance fees and media service fees paid for the advertisement project on headrest cover sheets, folding tables and poster frames on high-speed railway trains and the agency fees for the operation of billboards and LED advertising at certain selected train stations. In overall, there was a decrease in segment results of RMB61,030,000, representing a decrease of approximately 55.2% to RMB49,523,000 from RMB110,553,000 as compared to the corresponding period last year.

Analysis of profit/(loss) margin of segment is as follows:

	Profit/(loss) margin of segment	
	2012	2011
	%	%
Printed media advertising	**47.5**	59.4
Audio programmes advertising	**(11.5)**	24.9
Outdoor media advertising	**(26.1)**	1.2
Profit margin of all segments	**21.9**	51.0

Profit margin of printed media advertising decreased from approximately 59.4% for last year to approximately 47.5% for the current year. This was mainly due to the impairment on trade receivables for overdue balances. Moreover, high costs incurred for a newly published monthly supplement called "旅客報 1318" (Passengers 1318) (which is a special edition of "旅客報" (Passengers) and for distribution on the CRH trains Beijing-Shanghai route only) and the increase in headcounts and increment of staff costs have caused the gross profit margin to drop in current year.

Profit margin of audio programmes advertising decreased from approximately 24.9% last year to loss margin of approximately 11.5% for the current year. This was mainly resulted from the impairment on trade receivables for certain long-aged overdue balances.

Profit margin of outdoor media advertising decreased from approximately 1.2% last year to loss margin of approximately 26.1% for the current year. This was mainly resulted from the amortisation of agency fee, maintenance fees and media service fees paid for the advertisement project on headrest cover sheets, folding tables and poster frames on CRH trains and the agency fees for the operation of billboards and LED advertising at certain selected train stations.

The profit margin of segment as a whole decreased from approximately 51.0% last year to approximately 21.9% for the current year. This was mainly driven by impairment on trade receivables for overdue balances, increase in headcounts, increment of staff costs, higher printing costs for the printed media business, as well as the agency fees for the operation of billboards and LED advertising at certain selected train stations and the amortisation of agency fee, maintenance fees and media service fees paid for the advertisement project on headrest cover sheets, folding tables and poster frames on high-speed railway trains.

Other Income/(expense) and Gains, Net

Other expense and gains, net of RMB2,135,000 for the current year while other income and gains, net of RMB4,220,000 last year, mainly due to the increase in amortised interest expense on non-current deposits.

Cost of Sales

Cost of sales increased from RMB83,600,000 last year to RMB149,717,000 for the current year, representing an increase of approximately 79.1%. The increase in cost of sales was mainly attributable to the increase in headcounts, increment of staff costs, higher printing costs for the printed media business, as well as agency fees for the operation of billboards and LED advertising at certain selected train stations and amortisation of agency fee, maintenance fees and media service paid for the advertisement project on headrests cover sheets, folding tables and poster frames on high-speed railway trains.

Selling and Distribution Expenses

Selling and distribution expenses mainly include salary, bonus, commission payable to sales staff, travelling and related expenses, office expenses and others. It accounted for approximately 22.6% and 38.4% of the Group's total revenue for the years ended 31 December 2011 and 2012, respectively and the increase in percentage was mainly due to more expenses incurred for the expansion of existing business and increment of average salary of sales staff. The amount increased by approximately 77.5% from RMB49,006,000 last year to RMB86,967,000 for the current year, primarily as a result of increase in average salary, bonus and commission payables to sales staff, business meeting and expenses related to the establishing of representative offices for the expansion of existing business alongside the development of the CRH network in China.

Administrative Expenses

Administrative expenses increased by approximately 48.5% from RMB39,117,000 last year to RMB58,080,000 for the current year, primarily due to the increase in staff welfare, entertainment and business meeting expenses, legal and professional fees and other taxes and levies and increment of average salary and number of staff.

Other Operating Expenses, Net

It mainly represented the impairment of trade receivables, the impairment of intangible assets, the impairment of available-for-sale investment and the impairment of non-current deposits made for the current year.

Income Tax Expense

The income tax expense of the Group for the year was RMB7,621,000 (2011: RMB11,974,000) at the effective tax rate of 6.6% (2011: 45.3%).

Liquidity and Financial Resources

As at 31 December 2012, the Group's cash and cash equivalents, including bank deposits and cash in hand, and short-term bank deposits with original maturities not exceeding three months, amounted to RMB132,237,000, representing a net decrease of RMB68,263,000 as compared to the position as at 31 December 2011.

As at 31 December 2012, the current ratio was 3.24 (2011: 6.75) and the gearing ratio of the Group was (0.45) (2011: (0.94)) which was calculated based on the Group's net debt divided by the equity attributable to owners of the Company plus net debt. The Group satisfied its working capital needs principally from internally generated cash flow from operating activities.

Pledge of Assets

As at 31 December 2012, the Group has no assets pledged for bank borrowings or for other purpose (2011: Nil).

Contingent Liabilities

As at 31 December 2012, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2012, save as disclosed in note 17 to this announcement, the Group did not have any significant capital commitments.

Total Comprehensive Income/(Loss) Attributable to Owners of the Company and Net Profit/(Loss) Margin

Total comprehensive loss attributable to the owners of the Company for the year ended 31 December 2012 amounted to RMB108,023,000 as compared to total comprehensive income of RMB9,366,000 in the previous corresponding year. Net loss margin of the Group was approximately 47.5% as compared to the net profit margin of approximately 6.7% for the previous corresponding year.

Capital Structure

During the year under review, the Group had net assets of RMB234,863,000 (2011: RMB343,875,000), comprising non-current assets of RMB68,574,000 (2011: RMB52,322,000), and current assets of RMB241,427,000 (2011: RMB346,332,000). The Group recorded a net current asset position of RMB166,853,000 (2011: RMB295,021,000), which primarily consists of cash and bank equivalents amounted to RMB142,587,000 (2011: RMB210,850,000), trade receivables amounted to RMB43,409,000 (2011: RMB44,318,000) and prepayments, deposits and other receivables amounted to RMB35,356,000 (2011: RMB60,553,000). Major current liabilities are other payables and accruals and trade payables amounted to RMB42,066,000 (2011: RMB27,138,000) and RMB30,214,000 (2011: RMB15,948,000), respectively. The Group has no bank borrowings.

Foreign Exchange Risk

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. Part of the Group's cash and bank deposits are denominated in Hong Kong Dollars and United States Dollars. The Directors consider that the Group's risk in foreign exchange is insignificant. During the year under review, the Group did not hedge any exposure in foreign currency risk.

Human Resources

As at 31 December 2012, the Group employed a total of 798 employees (2011: 786 employees) situated in the PRC. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the year under review, the total staff costs (including Directors' emoluments) amounted to approximately RMB81,010,000 (2011: RMB51,859,000).

Material Acquisition and Disposal

The Group had no material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2012.

Corporate Governance Practices

Recognising the importance of a listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance and to comply to the extent practicable, with the code provisions as set out in the former Code on Corporate Governance Practices (the "**Former Code**") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**"). Following various amendments to the GEM Listing Rules, which came into effect on 1 April 2012, the Former Code was renamed as the Corporate Governance Code (the "**Code**"). Save as disclosed below, the Directors consider that the Company has complied with the Code during the year ended 31 December 2012. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

Pursuant to paragraph E.1.2 of the Code, the chairman of the Board should attend the annual general meeting. Due to other business engagement, Mr. Lin Pintong, chairman of the Board, did not attend the last annual general meeting of the Company on 4 May 2012 and Mr. Han Wenqian, an executive Director acted as chairman of the annual general meeting to answer questions raised by the shareholders.

Model Code for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, save as disclosed below, all the Directors confirmed that they have complied with the code of conduct and required standard of dealings concerning securities transactions by the directors during the year ended 31 December 2012.

The Company's interim results announcement for the six months ended 30 June 2012 was scheduled to be announced on 14 August 2012 and the black-out period during which the Directors were prohibited from dealing in the shares of the Company (the "**Shares**") commenced on 15 July 2012 and ended on 14 August 2012. On 16 July 2012, in contravention of Rule 5.56(a)(ii) of the GEM Listing Rules which requires a director not to deal in any securities of an issuer during the period of 30 days immediately preceding the publication date of the half-year results up to the day when its results are published, Mr. Wang Fuqing, an executive Director, acquired 100,000 Shares during the black-out period. The Company will reiterate and remind the Directors from time to time in respect of the relevant rules and requirements in relation to Directors' dealing in securities in order to ensure the compliance of the code of conduct and Rules 5.48 to 5.67 of the GEM Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2012, the Company repurchased 1,468,000 issued ordinary shares of the Company on the Stock Exchange with a view to benefiting shareholders as a whole by enhancing the net assets and earnings per share of the Company. Accompanying the 432,000 shares which were repurchased in 2011 but have not been cancelled as at 31 December 2011, 1,900,000 shares were cancelled in January 2012.

Month of repurchase	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration paid	Equivalent aggregate consideration paid
		HK$	*HK$*	*HK$'000*	*RMB'000*
January 2012	1,468,000	0.69	0.64	989	817

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2012.

Closure of the Register of Members

The register of members of the Company will be closed from 2 May 2013 to 3 May 2013, both dates inclusive, during which period no transfer of Shares could be registered for determination of entitlement of shareholders of the Company to attend the forthcoming annual general meeting of the Company. To qualify for the attendance at the annual general meeting, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 30 April 2013.

Audit Committee

The Company established the audit committee of the Board (the "**Audit Committee**") on 17 December 2010 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company.

The Audit Committee has three members comprising Mr. Gao Xingbo (Chairman), Mr. Feng Bing and Mr. Chen Shaofeng, all are independent non-executive Directors. During the year ended 31 December 2012, the Audit Committee had reviewed the final results of the Group for 2011, the 2011 annual report of the Company, the 2012 interim results and report of the Company and the quarterly results and report for the periods ended 31 March 2012 and 30 September 2012. The Audit Committee had reviewed the Group's internal controls for the year. The Group's final results for the year ended 31 December 2012 had been reviewed by the Audit Committee before submission to the Board for approval. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

By Order of the Board
China 33 Media Group Limited
Lin Pintong
Chairman

Hong Kong, 25 March 2013

As at the date of this announcement, the executive Directors are Mr. Lin Pintong (Chairman), Mr. Ruan Deqing, Mr. Han Wenqian and Mr. Wang Fuqing; the non-executive Director is Mr. Wang Jianqing; and the independent non-executive Directors are Mr. Gao Xingbo, Mr. Feng Bing, Mr. Chen Shaofeng and Ms. Xing Zhibin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and the Company's website at www.china33media.com.