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 2013

RETIREMENT AND PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

CHANGE OF ADDRESS OF HEAD OFFICE IN THE PRC

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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 2013, together with comparative figures for the corresponding period in 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
REVENUE	*5*	**157,774**	226,353
Cost of sales		**(86,849)**	(149,717)
Gross profit		**70,925**	76,636
Other income/(expense) and gains, net	*5*	**4,785**	(2,135)
Selling and distribution expenses		**(48,467)**	(86,967)
Administrative expenses		**(43,616)**	(58,080)
Other operating expenses		**(5,952)**	(28,342)
Share of profits and losses of:			
A joint venture		**977**	(439)
Associates		**(64)**	(632)
LOSS BEFORE TAX	*6*	**(21,412)**	(99,959)
Income tax expense	*7*	**(7,712)**	(7,621)
LOSS FOR THE YEAR		**(29,124)**	(107,580)
Attributable to:			
Owners of the Company	*8*	**(26,024)**	(107,109)
Non-controlling interests		**(3,100)**	(471)
		(29,124)	(107,580)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*10*		
Basic (cents)		**(RMB4.34)**	(RMB17.85)
Diluted (cents)		**(RMB4.34)**	(RMB17.85)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(29,124)**	(107,580)
OTHER COMPREHENSIVE LOSS FOR THE YEAR:		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(133)**	(914)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(29,257)**	(108,494)
Attributable to:		
Owners of the Company	**(26,157)**	(108,023)
Non-controlling interests	**(3,100)**	(471)
	(29,257)	(108,494)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,330**	8,349
Intangible assets		**384**	2,351
Other non-current assets		**19,251**	21,080
Investment in a joint venture		**1,550**	573
Investments in associates		**9,689**	8,049
Available-for-sale investment		**439**	439
Prepayment and deposits	*12*	**42,960**	27,733
Total non-current assets		**81,603**	68,574
CURRENT ASSETS			
Trade receivables	*11*	**40,603**	43,409
Prepayments, deposits and other receivables	*12*	**34,376**	35,356
Amount due from a director		**–**	3,260
Amount due from a shareholder		**–**	16,815
Cash and cash equivalents		**115,809**	142,587
Total current assets		**190,788**	241,427
CURRENT LIABILITIES			
Trade payables	*13*	**31,896**	30,214
Other payables and accruals	*14*	**30,023**	42,066
Amount due to an associate		**2,950**	–
Tax payable		**1,844**	2,294
Total current liabilities		**66,713**	74,574
NET CURRENT ASSETS		**124,075**	166,853
TOTAL ASSETS LESS CURRENT LIABILITIES		**205,678**	235,427
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**72**	564
Net assets		**205,606**	234,863
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**3,957**	3,957
Reserves		**197,937**	224,094
		201,894	228,051
Non-controlling interests		**3,712**	6,812
Total equity		**205,606**	234,863

NOTES

Year ended 31 December 2013

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.

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 2013. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity 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 losses), as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and 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 — Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 *— Transition Guidance*
IFRS 13	Fair Value Measurement
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012

Other than as further explained below, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The IAS 1 Amendments change the grouping of items presented in other comprehensive income ("**OCI**"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations) are presented separately from items which will never be reclassified. The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in 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.

IFRS 9	*Financial Instruments*[4]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[4]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — *Investment Entities*[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies*[1]
Annual Improvements 2010–2012 Cycle	Amendments to a number of IFRSs issued in December 2013[2]
Annual Improvements 2011–2013 Cycle	Amendments to a number of IFRSs issued in December 2013[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would 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 various airports' air traffic control towers ("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 before tax.

The adjusted profit before tax is measured consistently with the Group's loss before tax except that bank interest income, amortised interest expense on non-current deposits, net, other unallocated income and gains, net, share of profits and losses of a joint venture 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 an 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 under current assets 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 2013				
Segment revenue:				
Sales to external customers	**110,891**	**46,513**	**370**	**157,774**
Segment results	**54,300**	**12,696**	**(1,488)**	**65,508**
Reconciliation:				
Bank interest income				**1,106**
Amortised interest income on non-current deposits, net				**661**
Other unallocated income and gains, net				**3,018**
Share of profits and losses of:				
A joint venture				**977**
Associates				**(64)**
Corporate and other unallocated expenses				**(92,618)**
Loss before tax				**(21,412)**
Income tax expense				**(7,712)**
Loss for the year				**(29,124)**
Segment assets	**25,617**	**81,320**	**–**	**106,937**
Reconciliation:				
Investment in a joint venture				**1,550**
Investments in associates				**9,689**
Available-for-sale investment				**439**
Cash and cash equivalents				**115,809**
Corporate and other unallocated assets				**37,967**
Total assets				**272,391**

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Audio advertising *RMB'000*	Total *RMB'000*
Year ended 31 December 2013 *(continued)*				
Segment liabilities	**(21,922)**	**(16,716)**	**–**	**(38,638)**
Reconciliation:				
Corporate and other unallocated liabilities				**(28,147)**
Total liabilities				**(66,785)**
Other segment information:				
Depreciation (unallocated)				**1,655**
Amortisation of intangible assets	**–**	**110**	**928**	**1,038**
Amortisation of other non-current assets	**–**	**5,086**	**–**	**5,086**
Impairment of trade receivables	**687**	**432**	**–**	**1,119**
Impairment of intangible assets	**–**	**–**	**929**	**929**
Impairment of non-current deposits	**3,369**	**–**	**–**	**3,369**
Capital expenditure (allocated)*	**–**	**3,257**	**–**	**3,257**
Capital expenditure (unallocated)**				**1,003**

* 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 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 joint venture				(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	76,023	5,824	113,921
Reconciliation:				
Investment in a joint venture				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				24,357
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 an 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.

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 2013 and 2012, 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/(expense) and gains, net, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Printed media advertising income	**111,689**	149,400
Outdoor advertising income	**46,513**	74,532
Audio advertising income	**370**	8,030
	158,572	231,962
Less: Business tax	**(798)**	(5,609)
Total	**157,774**	226,353
Other income/(expense) and gains, net		
Bank interest income	**1,106**	2,301
Amortised interest income/(expense) on non-current deposits, net	**661**	(6,146)
Government grants*	**872**	653
Others	**2,146**	1,057
Total	**4,785**	(2,135)

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

6. LOSS BEFORE TAX

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

	2013	2012
	RMB'000	*RMB'000*
Depreciation	**1,655**	1,371
Amortisation of intangible assets	**1,038**	2,930
Amortisation of other non-current assets	**5,086**	1,278
Impairment of trade receivables*	**1,119**	16,926
Impairment of intangible assets*	**929**	8,687
Impairment of an available-for-sale investment*	**–**	838
Impairment of non-current deposits*	**3,369**	1,500
Loss on disposal of a subsidiary*	**113**	–
Minimum lease payments under operating leases on land and buildings	**5,509**	5,700
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**45,844**	74,018
Pension schemes contributions**	**2,651**	6,992
	48,495	81,010
Auditors' remuneration	**1,685**	1,621
Exchange loss/(gain), net	**972**	(523)
Loss on disposal of items of property, plant and equipment	**551**	–

* The balances are included in "other operating expenses" on the face of the consolidated statement of profit or loss.

** 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 (2012: 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%.

	2013	2012
	RMB'000	*RMB'000*
Group:		
Current — Mainland China		
Charge for the year	**8,204**	6,080
Underprovision in prior periods	**–**	4,445
Deferred	**(492)**	(2,904)
Total tax charge for the year	**7,712**	7,621

8. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 December 2013 includes a loss of RMB7,106,000 (2012: RMB7,819,000) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company of RMB26,024,000 (2012: RMB107,109,000) and the weighted average number of ordinary shares of 600,000,000 (2012: 600,068,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

11. TRADE RECEIVABLES

Group

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**68,874**	81,245
Less: Impairment	**(28,271)**	(37,836)
	40,603	43,409

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 (after impairment) from the five largest debtors at 31 December 2013 represented 47% (2012: 33%) of the total trade receivables (after impairment), while 24% (2012: 10%) of the total trade receivables (after impairment) 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

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**19,469**	33,608
3 to 6 months	**11,586**	6,680
6 months to 1 year	**4,501**	7,204
Over 1 year	**33,318**	33,753
	68,874	81,245

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

Group

	2013	2012
	RMB'000	*RMB'000*
At beginning of the reporting period	**37,836**	23,633
Impairment losses recognised	**1,119**	16,926
Amount written off as uncollectible	**(10,684)**	(2,723)
At end of the reporting period	**28,271**	37,836

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 RMB30,409,000 (2012: RMB38,736,000) as at 31 December 2013.

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

	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**18,860**	32,934
Past due but not impaired:		
Less than 3 months	**11,481**	3,810
More than 3 months	**8,124**	5,765
	38,465	42,509

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

	2013	2012
	RMB'000	*RMB'000*
Current:		
Other receivables	**4,899**	7,407
Prepayments	**13,739**	19,348
Rental, utility and other deposits	**3,735**	6,983
Staff advances	**12,003**	1,618
	34,376	35,356
Non-current:		
Deposits *(note)*	**32,960**	27,733
Prepayment	**10,000**	–
	42,960	27,733
	77,336	63,089

Note:

The balance represented a 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 for certain designated outdoor advertising spaces in railway stations in Mainland China with the expiry dates ranging from 31 December 2014 to 31 March 2018. The deposits are fully repayable to the Group upon their respective expiry date of the advertising right and are carried at amortised cost at the Group's statement of financial position using an effective interest rates ranging from 4.75% to 5.85%, resulting in interest income of RMB1,493,000 (2012: RMB579,000) by assessing the amortised costs of the deposits paid at the end of the reporting period and interest expense of RMB832,000 (2012: RMB6,725,000) upon initial recognition of the deposits paid. The above interest income and expenses are included in "Amortised interest income/(expense) on non-current deposits, net" under "Other income/(expense) and gains, net" on the face of the consolidated statement of profit or loss.

During the year ended 31 December 2013, the Group could not secure sufficient advertising contracts for certain printed media advertising, of which the Directors considered that the relevant non-current deposit paid with net carrying amount of RMB3,369,000 should be fully impaired as at 31 December 2013 since the Group could unlikely generate any future economic benefits from the relevant non-current deposit paid. Accordingly, the impairment of non-current deposit paid of RMB3,369,000 has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2013.

During the year ended 31 December 2012, the Group terminated certain outdoor advertising with an advertising agent. The Directors considered that the relevant non-current deposit paid with net carrying amount of RMB1,500,000 should be fully impaired as at 31 December 2012 since the Group could unlikely receive the deposit from the advertising agent. Accordingly, the impairment of non-current deposit paid of RMB1,500,000 has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2012.

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

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**14,987**	16,536
3 to 6 months	**3,033**	5,543
Over 6 months	**13,876**	8,135
	31,896	30,214

As at 31 December 2013, included in the trade payables are trade payables of RMB2,300,000 (2012: RMB2,393,000), RMB400,000 (2012: Nil) and RMB333,000 (2012: Nil) due to the non-controlling shareholder of a subsidiary, an associate, and a joint venture, respectively, which were 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

	2013	2012
	RMB'000	*RMB'000*
Receipts in advance from customers	**6,742**	13,312
Accrued salaries and staff welfare	**14,640**	19,859
Other accruals	**8,641**	8,510
Other tax payable	**–**	385
	30,023	42,066

Company

	2013	2012
	RMB'000	*RMB'000*
Other accruals	**1,774**	1,709

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

15. SHARE CAPITAL

Shares

	2013	2012
	RMB'000	*RMB'000*
Authorised:		
40,000,000,000 (2012: 40,000,000,000) ordinary shares of US$0.001 each	**263,672**	263,672
Issued and fully paid:		
600,000,000 (2012: 600,000,000) ordinary shares of US$0.001 each	**3,957**	3,957

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

	Number of ordinary shares	**Nominal value of ordinary shares**
		RMB'000
Issued:		
At 1 January 2012	601,900,000	3,969
Repurchase and cancellation of ordinary shares *(note)*	(1,900,000)	(12)
At 31 December 2012, 1 January 2013 and 31 December 2013	600,000,000	3,957

Note: 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 1 January 2012 and 1,468,000 ordinary shares repurchased during the year ended 31 December 2012, 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 ended 31 December 2012 and RMB216,000 paid on the repurchase of 432,000 ordinary shares repurchased but not yet cancelled as at 1 January 2012, was debited to the share premium account and an amount of RMB12,000 was transferred from accumulated losses of the Company to the share 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 (2012: 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:

	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**5,329**	2,513
After 1 year but within 5 years	**6,240**	913
	11,569	3,426

At the end of the reporting period, the Company did not have any significant operating lease commitments (2012: 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	
	2013	2012
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Agency fees for printed media and outdoor advertising	**83,436**	82,980
Other non-current assets for outdoor advertising	**–**	3,517
Investment in a movie	**20,000**	–
	103,436	86,497

At the end of the reporting period, the Company did not have any significant commitments (2012: Nil).

18. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2013 (the "**Year**") amounted to approximately RMB157,774,000, representing a decrease of approximately RMB68,579,000 or 30.3% as compared to approximately RMB226,353,000 for last year. The Group recorded a total comprehensive loss attributable to owners of the Company for the Year of approximately RMB26,157,000, representing a decrease of approximately 75.8% as compared to approximately RMB108,023,000 for last year.

REVENUE BY SEGMENT

Analysis of revenue by segment is as follows:

	2013 *RMB'000*	2012 *RMB'000*	**Change(%)**	**2013** **% of total revenue**	2012
Printed media advertising	**110,891**	145,901	(24.0)	**70.3**	64.5
Outdoor advertising	**46,513**	72,726	(36.0)	**29.5**	32.1
Audio advertising	**370**	7,726	(95.2)	**0.2**	3.4
	157,774	226,353	(30.3)	**100.0**	100.0

Printed Media Advertising

Revenue from printed media advertising was the main source of revenue for the Year, representing approximately 70.3% thereof. It is expected that printed media advertising would remain as the principal source of income for the Group in the future. Revenue from printed media advertising mainly represented the amount generated from the sales of the advertising space on the periodicals operated by the Group and was recognised upon the publication of the periodicals in which the respective advertisement was placed. "旅伴" (Fellow Traveller) is a monthly nationwide periodicals distributed on all China Railway High-speed ("**CRH**") trains and selected regular trains in China. Revenue from "旅伴" (Fellow Traveller) was the major source of revenue for the Year which contributed approximately 86.5% of the Group's total revenue from printed media advertising.

Revenue from printed media advertising decreased by approximately RMB35,010,000 or 24.0% from approximately RMB145,901,000 last year to approximately RMB110,891,000 for the Year. The decrease was mainly attributable to the halt of distribution of "旅客報" (Passengers) and "報林" (Resources) in January 2013. Please refer to announcements of the Company dated 7 January 2013 and 23 January 2013 for the details of the halt of distribution.

Outdoor Advertising

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

Revenue from outdoor advertising decreased by approximately RMB26,213,000 or 36.0% from approximately RMB72,726,000 last year to approximately RMB46,513,000 for the Year. The decrease was mainly due to the cease of operation on the headrest cover sheets, folding tables and poster frames on certain routes of CRH trains as the advertising rights has expired in February 2013. The above was offset by the increase of billboards and LEDs advertising as a result of the commencement of Harbin-Dalian High-speed Railway in October 2012.

Audio Advertising

Revenue from audio 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 advertising decreased by approximately RMB7,356,000 or approximately 95.2% to approximately RMB370,000 for the current year. The decrease was mainly resulted from the phase-out of audio advertising upon the expiry of existing advertising contracts with customers by March 2013.

SEGMENT RESULTS AND PROFIT/(LOSS) MARGIN OF SEGMENT

Analysis of segment results is as follows:

	Revenue		**Cost**		**Segment results**		**Change**	
	2013	2012	**2013**	2012	**2013**	2012		
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*%*
Printed media advertising	**110,891**	145,901	**56,591**	76,537	**54,300**	69,364	**(15,064)**	(21.7)
Outdoor advertising	**46,513**	72,726	**33,817**	91,679	**12,696**	(18,953)	**31,649**	(167.0)
Audio advertising	**370**	7,726	**1,858**	8,614	**(1,488)**	(888)	**(600)**	67.6
	157,774	226,353	**92,266**	176,830	**65,508**	49,523	**15,985**	32.3

During the Year, the segment results of printed media advertising recorded a segment profit of approximately RMB54,300,000, representing a decrease of approximately 21.7% as compared with approximately RMB69,364,000 for last year. Segment results of outdoor advertising recorded a segment profit of approximately RMB12,696,000 for the Year while it recorded a segment loss of approximately RMB18,953,000 last year which was mainly resulted from the full 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 by the fourth quarter of 2012, which no longer affects the Year. Audio advertising recorded a segment loss of approximately RMB1,488,000 for the Year as compared with approximately RMB888,000 last year. In overall, there was an increase in segment results of approximately RMB15,985,000, representing an increase of approximately 32.3% or approximately RMB65,508,000 from approximately RMB49,523,000 as compared to that of last year.

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

	Profit/(loss) margin of segment 2013 %	2012 %
Printed media advertising	**49.0**	47.5
Outdoor advertising	**27.3**	(26.1)
Audio advertising	**(402.2)**	(11.5)
Profit margin of all segments	**41.5**	21.9

Profit margin of printed media advertising segment increased from approximately 47.5% for last year to approximately 49.0% for the Year.

Margin of outdoor advertising segment changed from loss margin of approximately 26.1% last year to profit margin of approximately 27.3% for the Year. The improvement was mainly due to the cessation of operation on the headrest cover sheets, folding tables and poster frames on certain routes of CRH trains which has lower profit margin as the advertising rights has expired in February 2013. The above was offset by the increase of billboards and LEDs advertising as a result of the commencement of Harbin-Dalian High-speed Railway in October 2012.

Loss margin of audio advertising segment increased from approximately 11.5% last year to approximately 402.2% for the Year.

The profit margin of segment as a whole increased from approximately 21.9% last year to approximately 41.5% for the Year. The improvement was mainly due to the cessation of operation on the headrest cover sheets, folding tables and poster frames on certain routes of CRH trains which has larger loss margin as the advertising rights has expired in February 2013. The above was offset by the increase of billboards and LEDs advertising as a result of the commencement of Harbin-Dalian High-speed Railway in October 2012.

Other Income/(Expense) and Gains, Net

There was other income and gains, net of approximately RMB4,785,000 for the Year while other expense and gains, net of approximately RMB2,135,000 was made last year. The increase was mainly due to the decrease in amortised interest expense on non-current deposits, net.

Cost of Sales

Cost of sales decreased from approximately RMB149,717,000 last year to RMB86,849,000 for the Year, representing a decrease of approximately 42.0%. The decrease in cost of sales was mainly attributable to the cessation of operation on headrest cover sheets, folding tables and poster frames on certain routes of CRH trains which has higher cost of sales as the advertising rights has expired in February 2013 and the halt of distribution of “旅客報” (Passengers) and “報林” (Resources).

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 38.4% and 30.7% of the Group's total revenue for the years ended 31 December 2012 and 2013, respectively. The amount decreased by approximately 44.3% from approximately RMB86,967,000 last year to approximately RMB48,467,000 for the Year. Such decrease was primarily attributable to the decrease in salary, bonus and entertainment and business meeting expenses as a result of the closure of three branch offices in the PRC.

Administrative Expenses

Administrative expenses decreased by approximately 24.9% from approximately RMB58,080,000 last year to approximately RMB43,616,000 for the Year, primarily due to the decrease in entertainment and business meeting expenses, legal and professional fees and other taxes and levies.

Other Operating Expenses

It mainly represented the impairment of trade receivables and the impairment of non-current deposits made for the Year.

Income Tax Expense

The income tax expense of the Group for the Year was approximately RMB7,712,000 (2012: RMB7,621,000) at the effective tax rate of 36.0% (2012: 7.6%).

Liquidity and Financial Resources

As at 31 December 2013, 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 approximately RMB105,459,000, representing a net decrease of approximately RMB26,778,000 as compared to the position as at 31 December 2012.

As at 31 December 2013, the current ratio was approximately 2.86 (2012: 3.24) and the gearing ratio of the Group was approximately (0.34) (2012: (0.45)) 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 2013, the Group has no assets pledged for bank borrowings or for other purpose (2012: Nil).

Contingent Liabilities

As at 31 December 2013, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2013, save as disclosed in note 17 to this announcement, the Group did not have any significant capital commitments.

Total Comprehensive Loss Attributable to Owners of the Company and Net Loss Margin

Total comprehensive loss attributable to the owners of the Company for the Year amounted to approximately RMB26,157,000, representing a decrease of approximately 75.8%, as compared to approximately RMB108,023,000 last year. Net loss margin of the Group was approximately 18.5% as compared to approximately 47.5% for the last year.

Capital Structure

During the Year, the Group had net assets of approximately RMB205,606,000 (2012: RMB234,863,000), comprising non-current assets of approximately RMB81,603,000 (2012: RMB68,574,000), and current assets of approximately RMB190,788,000 (2012: RMB241,427,000). The Group recorded a net current asset position of approximately RMB124,075,000 (2012: RMB166,853,000), which primarily consists of cash and bank equivalents amounted to approximately RMB115,809,000 (2012: RMB142,587,000), trade receivables amounted to approximately RMB40,603,000 (2012: RMB43,409,000) and prepayments, deposits and other receivables amounted to approximately RMB34,376,000 (2012: RMB35,356,000). Major current liabilities are trade payables and other payables and accruals amounted to approximately RMB31,896,000 (2012: RMB30,214,000) and approximately RMB30,023,000 (2012: RMB42,066,000), 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, the Group did not hedge any exposure in foreign currency risk.

Human Resources

As at 31 December 2013, the Group employed a total of 446 employees (2012: 798 employees) situated in the PRC. Such decrease was primarily attributable to the closure of three branch offices in the PRC as a result of the halt of distribution of "旅客報" (Passengers). 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 RMB48,495,000 (2012: RMB81,010,000).

Material Acquisition and Disposal

The Group had no material acquisition or disposal of subsidiaries and associated companies during the Year.

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 Corporate Governance Code (the "**Code**") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**"). Save as disclosed below, the Directors consider that the Company has complied with the Code during the year ended 31 December 2013. 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 of the Company 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, the then chairman of the Board who resigned as chairman of the Board with effect from the conclusion of annual general meeting on 3 May 2013 ("**2012 AGM**"), did not attend the 2012 AGM and Mr. Ruan Deqing, 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, 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 2013.

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Closure of the Register of Members

The register of members of the Company will be closed from 14 May 2014 to 15 May 2014, both dates inclusive, during which period no transfer of shares of the Company could be registered for determination of entitlement of shareholders of the Company to the attendance at the forthcoming annual general meeting of the Company (the "**Annual General Meeting**"). 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 Hong Kong branch share registrar, Tricor Investor Services Limited (the "**Branch Share Registrar**") at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (with effect from 31 March 2014, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), no later than 4:30 p.m. on 13 May 2014.

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; to assess the internal control of the Company; and to perform the corporate governance functions under Paragraph D.3.1 of the Code.

As at 31 December 2013, the Audit Committee has three members comprising Ms. Tay Sheve Li (Chairperson), Mr. Gao Xingbo, and Mr. Chen Shaofeng, all are independent non-executive Directors. During the Year, the Audit Committee had held four meetings to review the final results of the Group for 2012, the 2012 annual report of the Company, the 2013 interim results and report of the Company and the quarterly results and report for the periods ended 31 March 2013 and 30 September 2013, the Group's internal controls for the year and corporate governance of the Group. The Group's final results for the Year 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.

RETIREMENT AND PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board further announces that as Mr. Gao Xingbo ("**Mr. Gao**"), an independent non-executive Director, would like to focus his time on his personal career, he has by virtue of a signed notice of retirement dated 24 March 2014 expressed his intention to retire as independent non-executive Director with effect from the conclusion of the Annual General Meeting pursuant to article 105 of the articles of association of the Company and will not offer himself for re-election (the "**Retirement**").

Mr. Gao has confirmed that he has no disagreement with the Board and there is no matter regarding his retirement which needs to be brought to the attention of the shareholders of the Company.

The Board would like to express its gratitude to Mr. Gao for his valuable contribution to the Group as an independent non-executive Director.

For the purpose of complying with the requirement under Rule 5.05(1) of the GEM Listing Rules that every board of directors of an issuer must include at least three independent non-executive directors and the requirement under Rule 5.05A of the GEM Listing Rules that an issuer must appoint independent non-executive directors representing at least one-third of the board despite the Retirement, the Board further resolved on 24 March 2014 to recommend Mr. Su Naimin to be elected as an independent non-executive Director at the Annual General Meeting with effect from 15 May 2014 to fill the casual vacancy as a result of the Retirement. A circular containing, among others, details of Mr. Su Naimin as required pursuant to Rule 17.50 of the GEM Listing Rules, will be despatched to the shareholders of the Company in accordance with the articles of association of the Company and the GEM Listing Rules.

CHANGE OF ADDRESS OF HEAD OFFICE IN THE PRC

The Board further announces that the Company's head office in the PRC will be changed to 12th Floor, Block B, Yonggui Centre, 41 Guangqumennei Main Street, Dongcheng District, Beijing, China with effect from 31 March 2014.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

The Board further announces that with effect from 31 March 2014, the Branch Share Registrar will change its address from 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong to:

Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

By Order of the Board
China 33 Media Group Limited
Ruan Deqing
Chairman

Hong Kong, 24 March 2014

As at the date of this announcement, the executive Directors are Mr. Ruan Deqing (Chairman), Mr. Lin Pintong and Mr. Han Wenqian; the non-executive Directors are Mr. Wang Fuqing and Mr. Wang Jianqing; and the independent non-executive Directors are Mr. Gao Xingbo, Mr. Chen Shaofeng and Ms. Tay Sheve Li.

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.