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品牌中国
BRANDING CHINA

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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8219)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. This announcement, for which the directors (the "Directors") of Branding China Group Limited (the "Company") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") 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 and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

RESULTS

	2013	2012	2011	2010
	RMB	*RMB*	*RMB*	*RMB*
Revenue	**271,275,660**	146,939,781	132,026,503	83,743,438
Profit before tax	**70,174,343**	44,857,520	47,802,264	23,701,347
Income tax expense	**(19,308,835)**	(12,501,125)	(13,348,959)	(5,920,236)
Profit for the year	**50,865,508**	32,356,395	34,453,305	17,781,111
Exchange differences on translating foreign operations	**(45,664)**	(526,581)	(492,061)	–
Total comprehensive income for the year	**50,819,844**	31,829,814	33,961,244	17,781,111

SUMMARY OF ASSETS AND LIABILITIES

	2013	2012	2011	2010
	RMB	*RMB*	*RMB*	*RMB*
Total non-current assets	**163,740,218**	35,087,949	1,833,520	1,829,572
Total current assets	**298,405,167**	199,688,198	116,300,202	69,571,579
Total current liabilities	**95,416,358**	47,277,036	31,317,927	38,436,631
Net current assets	**202,988,809**	152,411,162	84,982,275	31,134,948
Non-current liabilities	**12,147,767**	–	–	–
Net assets	**354,581,260**	187,499,111	86,815,795	32,964,520

ANNUAL RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the audited results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 together with the comparative figures for the last financial year as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2013

	Notes	**2013** **RMB**	2012 *RMB*
Revenue	6	**271,275,660**	146,939,781
Cost of sales		**(180,615,186)**	(88,990,311)
Gross profit		**90,660,474**	57,949,470
Other income and gains	6	**3,835,379**	2,722,498
Selling and distribution expenses		**(4,449,755)**	(1,368,188)
Administrative and other expenses		**(18,001,778)**	(14,521,242)
Finance costs	7	**(1,883,697)**	–
Share of profits of an associate		**13,720**	74,982
Profit before income tax expense	8	**70,174,343**	44,857,520
Income tax expense	11	**(19,308,835)**	(12,501,125)
Profit for the year		**50,865,508**	32,356,395
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(45,664)**	(526,581)
Total comprehensive income for the year		**50,819,844**	31,829,814
Earnings per share			
— Basic and diluted	14	**0.23**	0.18

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As At 31 December 2013

	Notes	**2013** **RMB**	2012 RMB
Assets			
Non-current assets			
Property, plant and equipment	15	**1,564,385**	1,196,195
Goodwill	16	**156,293,197**	–
Intangible assets	17	**4,677,162**	–
Deposits and prepayments	21	**–**	32,700,000
Interests in an associate	19	**1,205,474**	1,191,754
Total non-current assets		**163,740,218**	35,087,949
Current assets			
Trade and bills receivables	20	**147,584,340**	77,563,241
Prepayments, deposits and other receivables	21	**34,101,518**	25,909,682
Cash and cash equivalents	23	**116,719,309**	96,215,275
Total current assets		**298,405,167**	199,688,198
Total assets		**462,145,385**	234,776,147
Liabilities			
Current liabilities			
Trade and bills payables	24	**38,635,219**	21,912,399
Other payables and accruals	25	**29,855,511**	3,916,518
Amount due to an associate	22	**–**	20,000
Bank borrowing	26	**15,000,000**	15,000,000
Current tax liabilities		**11,925,628**	6,428,119
Total current liabilities		**95,416,358**	47,277,036
Net current assets		**202,988,809**	152,411,162
Total assets less current liabilities		**366,729,027**	187,499,111
Non-current liabilities			
Other payables and accruals	25	**10,978,477**	–
Deferred tax liabilities	27	**1,169,290**	–
Total non-current liabilities		**12,147,767**	–
Total liabilities		**107,564,125**	47,277,036
NET ASSETS		**354,581,260**	187,499,111
Equity attributable to owners of the Company			
Issued capital	28	**1,996,737**	1,618,440
Reserves		**352,584,523**	185,880,671
TOTAL EQUITY		**354,581,260**	187,499,111

STATEMENT OF FINANCIAL POSITION

As At 31 December 2013

	Notes	2013 RMB	2012 RMB
Assets			
Non-current assets			
Investments in subsidiaries	18	**161,666,667**	–
Current assets			
Prepayments and other receivables	21	**491,672**	243,500
Amounts due from subsidiaries	22	**51,642,380**	23,390,429
Cash and cash equivalents	23	**702,940**	54,490,113
Total current assets		**52,836,992**	78,124,042
Total assets		**214,503,659**	78,124,042
Liabilities			
Current liabilities			
Other payables and accruals	25	**13,185,648**	1,728,293
Amounts due to subsidiaries	22	**1,541,919**	–
Total current liabilities		**14,727,567**	1,728,293
Net current assets		**38,109,425**	76,395,749
Total assets less current liabilities		**199,776,092**	76,395,749
Non-current liabilities			
Other payables and accruals	25	**10,978,477**	–
Total liabilities		**25,706,044**	1,728,293
NET ASSETS		**188,797,615**	76,395,749
Equity attributable to owners of the Company			
Issued capital	28	**1,996,737**	1,618,440
Share premium	29	**203,009,101**	87,125,093
Exchange reserve	29	**(481,793)**	(997,910)
Accumulated losses	29	**(15,726,430)**	(11,349,874)
TOTAL EQUITY		**188,797,615**	76,395,749

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2013

	Issued capital *RMB*	Share premium* *RMB*	Surplus* *RMB*	Exchange reserve* *RMB*	Statutory reserve* *RMB* *(Note)*	Retained profits* *RMB*	Total equity *RMB*
At 1 January 2012	8	19,890,023	2,000,000	(492,061)	3,316,069	62,101,756	86,815,795
Profit for the year	–	–	–	–	–	32,356,395	32,356,395
Other comprehensive income	–	–	–	(526,581)	–	–	(526,581)
Total comprehensive income	–	–	–	(526,581)	–	32,356,395	31,829,814
Capitalisation issue *(note 28 (a))*	1,213,822	(1,213,822)					
Shares issued on placing, net of expenses *(note 28 (b))*	404,610	68,448,892	–	–	–	–	68,853,502
Appropriation to statutory reserve *(note)*	–	–	–	–	536,786	(536,786)	–
At 31 December 2012 and 1 January 2013	1,618,440	87,125,093	2,000,000	(1,018,642)	3,852,855	93,921,365	187,499,111
Profit for the year	–	–	–	–	–	50,865,508	50,865,508
Other comprehensive income	–	–	–	(45,664)	–	–	(45,664)
Total comprehensive income	–	–	–	(45,664)	–	50,865,508	50,819,844
Shares issued on acquisition of a subsidiary *(note 28 (c))*	378,297	115,884,008	–	–	–	–	116,262,305
Appropriation to statutory reserve *(note)*	–	–	–	–	221,099	(221,099)	–
At 31 December 2013	1,996,737	203,009,101	2,000,000	(1,064,306)	4,073,954	144,565,774	354,581,260

* These reserve accounts are aggregate to reserves of RMB352,584,523 and RMB185,880,671 in the consolidated statements of financial position as at 31 December 2013 and 2012 respectively.

Note:

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2013

	Notes	2013 RMB	2012 RMB
Profit before income tax expense		**70,174,343**	44,857,520
Adjustments for:			
Interest income		**(372,757)**	(77,103)
Finance costs		**1,883,697**	–
Amortisation of intangible asset		**617,738**	–
Depreciation of property, plant and equipment		**327,428**	197,132
Loss on disposal/written off of property, plant and equipment		**6,707**	72,568
Gain on disposal of financial assets at fair value through profit or loss		**(1,477,778)**	–
Impairment loss on trade receivables		**376,522**	668,711
Share of profits of an associate		**(13,720)**	(74,982)
		71,522,180	45,643,846
Increase in trade and bills receivables		**(46,461,476)**	(26,165,007)
Decrease/(increase) in prepayments, deposits and other receivables		**25,275,037**	(47,303,338)
(Decrease)/increase in trade and bills payables		**(2,032,079)**	6,146,223
Increase/(decrease) in other payables and accruals		**1,300,022**	(1,345,872)
Cash flows from/(used in) operating activities		**49,603,684**	(23,024,148)
Income taxes paid		**(14,245,549)**	(14,860,945)
Net cash from/(used in) operating activities		**35,358,135**	(37,885,093)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	31	**(21,228,288)**	–
Purchases of property, plant and equipment		**(646,380)**	(785,645)
Proceeds from disposal of property, plant and equipment		**–**	36,498
Purchases of financial assets at fair value through profit or loss		**(25,000,000)**	–
Proceed from disposal of financial assets at fair value through profit or loss		**32,977,778**	–
Repayment from holding company		**–**	16,214
Interest received		**372,757**	77,103
Net cash used in investing activities		**(13,524,133)**	(655,830)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		**–**	68,853,502
Repayment to a director		**–**	(1,199,933)
Repayment to a related company		**–**	(100,489)
Advances from a shareholder		**548,887**	–
Repayment to an associate		**(20,000)**	(181,000)
Interest paid		**(1,883,697)**	–
New borrowings		**55,000,000**	15,000,000
Repayment of bank borrowings		**(55,000,000)**	–
Net cash (used in)/from financing activities		**(1,354,810)**	82,372,080

	Notes	**2013**	2012
		RMB	*RMB*
Net increase in cash and cash equivalents		**20,479,192**	43,831,157
Effect of exchange rate changes on cash and cash equivalents		**24,842**	(526,581)
Cash and cash equivalents at the beginning of year		**96,215,275**	52,910,699
Cash and cash equivalents at the end of year		**116,719,309**	96,215,275
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	23	**116,719,309**	96,215,275

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 March 2011. The Company's registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at No. 54 Shaoxing Road, Huangpu District, Postal code – 200020, Shanghai, the PRC.

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

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

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

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

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

Further details of the Reorganisation and Structured Contracts are set out in the Company's listing prospectus dated 17 April 2012 (the "Prospectus"). The shares of the Company were listed on the GEM of the Stock Exchange on 27 April 2012.

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

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

2.1 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

(a) Adoption of new/revised IFRSs – effective 1 January 2013

IFRSs (Amendments)	Annual Improvements 2009–2011 Cycle
IFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
IFRSs (Amendments)	Annual Improvements 2011–2013 Cycle
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures
IAS 19 (2011)	Employee Benefits
I(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine
Amendments to IFRS 1	Government loans

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Amendments to IAS1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

IFRS 10 – Consolidated Financial Statements

IFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. IFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in IAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest. The adoption of IFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements. IFRS 12 disclosures are provided in note 19. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

IFRS 13 – Fair Value Measurement

IFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with IFRS 7 "Financial Instruments: Disclosures". IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. IFRS 13 is applied prospectively. IFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance.

(b) New/revised IFRSs that have been issued and have been early adopted

Amendments to IAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual period commencing on or after 1 January 2014. The Group has early adopted the amendments to IAS 36 in the current period.

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

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

IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
IFRS 9	Financial Instruments

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, or transactions occurring, on or after 1 July 2014

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

IFRS 9 – Financial Instruments

Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these pronouncements and the Directors so far concluded that they are not yet in a position to quantify the effects on the Group's financial statements.

2.2 BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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

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

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

(c) Associates

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

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

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

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

(d) Goodwill

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

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

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

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

(e) Property, plant and equipment

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

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

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

Office furniture and equipment	20% per annum
Motor vehicles	7.5–10% per annum

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

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

(f) Intangible assets

(i) Acquired intangible assets

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

Customer relationship	5 years
Computer software	5 years

(ii) Impairment

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

(g) Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor to sub-lease the leased assets under operating lease, such rentals receivable under the operating leases are credited to the profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentive received from the lessor are charged to the profit or loss on the straight-line basis over the lease terms.

(h) Impairment of non-financial assets

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

- property, plant and equipment;
- intangible assets with finite lives; and
- interests in subsidiaries and an associate.

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

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

(i) Financial instruments

(i) Financial assets

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

Financial assets at fair value through profit or loss

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

Loans and receivables

The Group's loans and receivables, including trade and bills receivables, deposits and other receivables and cash and cash equivalents are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to clients (trade debtors), and also incorporate other types of contractual monetary asset. At each reporting date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) *Impairment loss on financial assets*

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

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

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have had the impairment not been recognised.

(iii) *Financial liabilities*

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

Financial liabilities at amortised cost

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

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

(iv) *Effective interest method*

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

(v) *Equity instruments*

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

(vi) *Derecognition*

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

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

(j) Provisions and contingent liabilities

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

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

(k) Income taxes

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

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

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

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

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

(l) Employee benefits

(i) Pension schemes

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

(ii) Other benefits

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

(m) Government grants

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

(n) Foreign currency

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

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

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

(o) Revenue recognition

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

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

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

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

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

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

(p) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Estimation uncertainty

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Impairment allowances for trade and other receivables

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

5. SEGMENT REPORTING

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating results derived from provision of advertising services, public relation services and event marketing services on an aggregate basis and consider them as one single operating segment.

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

Information about major clients

Turnover from clients contributing over 10% of total revenue of the Group is as follows:

	Year ended 31 December							
	2013				2012			
	Advertising income	**Public relation services income**	**Event marketing income**	**Total**	Advertising income	Public relation services income	Event marketing income	Total
	RMB	***RMB***	***RMB***	***RMB***	*RMB*	*RMB*	*RMB*	*RMB*
Client A	**–**	**–**	**–**	**–**	–	9,466,848	13,016,999	22,483,847
Client B	**33,643,026**	**–**	**100,000**	**33,743,026**	12,664,222	–	3,400,802	16,065,024

6. REVENUE AND OTHER INCOME AND GAINS

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

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Revenue:		
Advertising income	**156,868,328**	73,205,900
Public relation services income	**58,390,552**	24,953,455
Event marketing income	**59,795,526**	50,978,609
	275,054,406	149,137,964
Less: cultural business development charge	**(3,778,746)**	(2,198,183)
Total	**271,275,660**	146,939,781
Other income and gains:		
Government grants	**1,904,460**	2,153,000
Gain on disposal of financial assets at fair value through profit or loss	**1,477,778**	–
Interest income	**372,757**	478,103
Income from issue and distribution of the Group's publications	**61,878**	91,395
Others	**18,506**	–
Total	**3,835,379**	2,722,498

7. FINANCE COSTS

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Interest on bank borrowings:		
– wholly repayable within one year	**1,883,697**	–

8. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is arrived at after charging:

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Depreciation of property, plant and equipment *(note 15)*	**327,428**	197,132
Amortisation of intangible assets *(note 17)*	**617,738**	–
Minimum lease payments under operating leases for buildings	**1,158,017**	676,000
Employee benefit expenses (including Directors' remuneration *(note 9)*:		
Wages and salaries	**12,525,776**	7,551,221
Pension scheme contributions	**3,302,508**	2,185,120
	15,828,284	9,736,341
Auditor's remuneration	**856,484**	678,573
Loss on disposal/written off of property, plant and equipment	**6,707**	72,568
Impairment loss on trade receivables *(note 20)*	**376,522**	668,711

9. DIRECTORS' REMUNERATION

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

	Fee *RMB*	Salaries, allowances and benefit in kinds *RMB*	Pension scheme contributions *RMB*	Total *RMB*
Year ended 31 December 2013				
Executive directors:				
Mr. Fang Bin	–	180,000	54,410	234,410
Mr. Song Yijun	–	180,000	60,340	240,340
Ms. He Weiqi	–	180,000	60,340	240,340
Non-executive directors:				
Mr. Fan Youyuan	117,060	–	–	117,060
Mr. Lin Kaiwen *(note b)*	39,020	–	–	39,020
Mr. Zhou Ruijin *(note a)*	117,060	–	–	117,060
Mr. Lin Zhiming *(note a)*	117,060	–	–	117,060
Ms. Hsu Wai Man, Helen *(note a)*	117,060	–	–	117,060
	507,260	540,000	175,090	1,222,350
Year ended 31 December 2012				
Executive directors:				
Mr. Fang Bin	–	126,000	52,800	178,800
Mr. Song Yijun	–	167,000	36,960	203,960
Ms. He Weiqi	–	167,000	36,960	203,960
Non-executive directors:				
Mr. Fan Youyuan	121,485	–	–	121,485
Mr. Lin Kaiwen *(note b)*	91,114	–	–	91,114
Mr. Zhou Ruijin *(note a)*	121,485	–	–	121,485
Mr. Lin Zhiming *(note a)*	91,114	–	–	91,114
Ms. Hsu Wai Man, Helen *(note a)*	121,485	–	–	121,485
	546,683	460,000	126,720	1,133,403

Note:

(a) Mr. Lin Zhiming, Mr. Zhou Ruijin, and Ms. Hsu Wai Man, Helen were appointed as the independent non-executive directors of the Company on 10 April 2012.

(b) Mr. Lin Kaiwen resigned as non-executive director on 22 April 2013.

There was no arrangement under which a Director waived or agreed to waive any remuneration during the years ended 31 December 2013 and 2012.

10. FIVE HIGHEST PAID EMPLOYEES

Of the five highest paid employees in the Group during the year ended 31 December 2013, four (2012: five) were Directors of the Company whose emoluments are disclosed in note 9 above.

For the year ended 31 December 2013, details of the remuneration of the remaining one non-Director, highest paid employee of the Group are as follows:

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Salaries, allowances and benefits in kinds	**108,000**	–
Pension scheme contributions	**37,946**	–
	145,946	–

During the years ended 31 December 2013 and 2012, no remuneration was paid by the Group to the Directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2013 and 2012.

Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the Corporate Income Tax Law (the "new PRC Tax Law") of the PRC which became effective on 1 January 2008, the PRC corporate income tax rate of all the PRC subsidiaries during the years ended 31 December 2013 and 2012 was 25% on their taxable profits.

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

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Current tax – PRC corporate income tax		
– tax for the year	**19,418,989**	12,501,125
– under provision in respect of prior periods	**44,281**	–
Deferred tax *(note 27)*	**(154,435)**	–
Income tax expense	**19,308,835**	12,501,125

The income tax expense can be reconciled to the Group's profit before income tax expense per the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Profit before income tax expense	**70,174,343**	44,857,520
Tax on profit before income tax expense, calculated at 25%	**17,543,586**	11,214,380
Under provision in respect of prior periods	**44,281**	–
Tax effect of share of results of associates	**(3,430)**	(18,745)
Tax effect of non-deductible expenses	**2,286,980**	1,699,068
Tax effect of non-taxable income	**(87,105)**	–
Others	**(475,477)**	(393,578)
Income tax expense	**19,308,835**	12,501,125

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

As at 31 December 2013 and 2012, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. It is because in the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued from 1 January 2008 to 31 December 2013 in the foreseeable future. Accordingly no deferred tax liabilities have been recognised as at 31 December 2013 and 2012.

12. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB4,376,556 (2012: RMB5,823,276).

13. DIVIDENDS

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

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB50,865,508 (2012: RMB32,356,395) and the weighted average number of ordinary shares of 225,392,927 (2012:184,016,393) in issue during the year ended 31 December 2013.

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2013 and 2012.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Office furniture and equipment *RMB*	**Motor vehicles** *RMB*	**Total** *RMB*
31 December 2013			
Cost:			
At 1 January 2013	815,220	948,900	1,764,120
Additions	133,716	512,664	646,380
Additions through business combination *(note 31)*	55,945	–	55,945
Written off	(365,314)	–	(365,314)
At 31 December 2013	639,567	1,461,564	2,101,131
Accumulated depreciation:			
At 1 January 2013	487,426	80,499	567,925
Charge for the year	147,740	179,688	327,428
Eliminated on written off	(358,607)	–	(358,607)
At 31 December 2013	276,559	260,187	536,746
Net book value:			
At 31 December 2013	363,008	1,201,377	1,564,385
31 December 2012			
Cost:			
At 1 January 2012	708,463	433,076	1,141,539
Additions	134,357	651,288	785,645
Disposals	(27,600)	(135,464)	(163,064)
At 31 December 2012	815,220	948,900	1,764,120
Accumulated depreciation:			
At 1 January 2012	385,358	39,433	424,791
Charge for the year	128,288	68,844	197,132
Eliminated on disposals	(26,220)	(27,778)	(53,998)
At 31 December 2012	487,426	80,499	567,925
Net book value:			
At 31 December 2012	327,794	868,401	1,196,195

16. GOODWILL

Group

	RMB
At 1 January 2013	–
Acquired through business combination *(note 31)*	156,293,197
At 31 December 2013	156,293,197

Impairment tests for goodwill:

The goodwill is acquired through business combination during the year ended 31 December 2013 (note 31) and it is solely allocated to the cash generating units ("CGU"), namely wireless marketing business.

The recoverable amounts of the CGU have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 5%, which does not exceed the long-term growth rate for the advertising industry in the PRC.

Discount rate	20%
Gross margin	48%
Growth rate within the five-year period	5%–46%

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on past experience and the result of market research and prediction.

17. INTANGIBLE ASSETS

Group

	Customer relationship *RMB*	Computer software *RMB*	Total *RMB*
Cost:			
At 1 January 2013	–	–	–
Additions through business combination *(note 31)*	4,351,600	943,300	5,294,900
At 31 December 2013	4,351,600	943,300	5,294,900
Accumulated amortisation:			
At 1 January 2013	–	–	–
Charge for the year	507,686	110,052	617,738
At 31 December 2013	507,686	110,052	617,738
Net book value:			
At 31 December 2013	3,843,914	833,248	4,677,162

18. INVESTMENT IN SUBSIDIARIES

Company

	31 December **2013** ***RMB***	2012 *RMB*
Unlisted equity investments, at cost	**161,666,667**	–

The following are the details of the Group's principal subsidiaries at 31 December 2013 that would affect the results for the year or formed a substantial portion of the net assets of the Group. In the opinion of the directors, to give details of the other subsidiaries would result in excessive length.

Name	Place of incorporation/ establishment	Principal country of operation	Issued/Registered and paid-up share capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Principal activities
Quick Motion International Limited	The British Virgin Islands	The PRC	1 ordinary share of US$1, unpaid	100%	–	Investment holding
Grand Rapids Mobile International Holding Ltd.	The British Virgin Islands	The PRC	1 ordinary share of US$1, unpaid	100%	–	Investment holding
SumZone Enterprise[1]	The PRC	The PRC	Registered capital HKD43,500,000, HKD30,000,000 paid	–	100%	Provision for management services
SMU	The PRC	The PRC	Registered capital RMB2,000,000, fully paid	–	100%	Provision for advertising, public relation and event market services
上海三眾廣告有限公司 ("SumZone Advertising")	The PRC	The PRC	Registered capital RMB1,000,000, fully paid	–	100%	Provision for advertising services
上海三眾營銷策劃有限公司 ("SumZone Marketing")	The PRC	The PRC	Registered capital RMB1,000,000, fully paid	–	100%	Provision for advertising services
上海巨流信息科技有限公司 ("Ju Liu Information")	The PRC	The PRC	Registered capital RMB1,000,000, fully paid	–	100%	Provision for advertising services

Note:

1 Registered as a wholly-foreign-owned enterprise under the laws of the PRC.

None of the subsidiaries had issued any debt securities at the end of the year.

19. INTERESTS IN AN ASSOCIATE

Group

	31 December **2013** ***RMB***	2012 *RMB*
Share of net assets	**1,205,474**	1,191,754

The investment in an associate is unlisted equity interests and details of the Group's associate as at 31 December 2013 are as follows:

Name	Form of business structure	Place of establishment and operation	Paid-up registered capital	Attributable equity interests indirectly held by the Company	Principal activities
上海東上海三眾華納傳媒有限公司 ("East Shanghai SumZone")	Corporation	The PRC	RMB2,000,000	49%	Provision of advertising, consulting and event marketing services

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

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Profits	**28,000**	153,024
Other comprehensive income	**–**	–
Total comprehensive income	**28,000**	153,024

20. TRADE AND BILLS RECEIVABLES

Group

	31 December	
	2013	2012
	RMB	*RMB*
Trade receivables	**145,784,233**	73,130,747
Less: impairment	**(1,045,233)**	(668,711)
	144,739,000	72,462,036
Bills receivables	**2,845,340**	5,101,205
	147,584,340	77,563,241

The Group's trading terms with its clients are mainly on credit. The credit period is generally 60 days to 330 days. The Group seeks to apply strict control over its outstanding receivables to minimise credit risk. Although the Group's trade receivables relate to a number of clients, there is concentration of credit risk. The trade receivables from the five largest debtors at 31 December 2013 represented 41% (2012: 57%) of total trade receivables, while 11% (2012: 23%) of the total receivables were due from the largest debtor. All the trade receivables are non-interest-bearing.

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

	31 December	
	2013	2012
	RMB	*RMB*
Not more than 1 month	**59,390,346**	19,100,585
More than 1 month but not more than 3 months	**39,354,363**	19,776,100
More than 3 months but not more than 6 months	**28,883,052**	23,445,111
More than 6 months but not more than 1 year	**14,571,707**	10,111,640
Over 1 year	**2,539,532**	28,600
	144,739,000	72,462,036
Bills receivables	**2,845,340**	5,101,205
	147,584,340	77,563,241

The analysis of the Group's trade receivables that were past due but not impaired as at the end of each of the reporting periods, is as follows:

	31 December	
	2013	2012
	RMB	*RMB*
Neither past due nor impaired *(note i)*	**132,201,619**	56,700,428
Less than 1 month past due	**3,393,706**	4,757,097
1 to 3 months past due	**4,249,737**	10,202,841
More than 3 months but less than 12 months past due	**4,640,138**	801,670
More than one year	**253,800**	–
	144,739,000	72,462,036

Notes:

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

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

The below table reconciled the impairment loss of trade receivables:

	31 December 2013 RMB	2012 RMB
At the beginning of the year	**668,711**	–
Impairment loss recognised	**376,522**	668,711
At the end of the year	**1,045,233**	668,711

The Group and the Company recognised impairment loss on individual assessment based on the accounting policy stated in note 3(i)(ii).

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	31 December 2013 RMB	2012 RMB
Deposits and prepayments *(note)*	**29,217,767**	53,098,201
Advance payment for event marketing expenses	**827,340**	5,445,358
Other receivables	**4,056,411**	66,123
Total	**34,101,518**	58,609,682
Non-current portion	**–**	(32,700,000)
Current portion	**34,101,518**	25,909,682

Company

	31 December 2013 RMB	2012 RMB
Prepayments	**466,435**	243,500
Other receivables	**25,237**	–
	491,672	243,500

Note:

In December 2012, the Group paid refundable deposits and prepayments of RMB47,700,000 in total to three independent third party advertising media or its agents for the purchase of advertising space to be used for the years ended/ending 31 December 2013 and 2014. According to the relevant agreements, RMB32,700,000 of such deposits can only be refunded or offset against the advertising expenses after the contract period, and the remaining deposits and prepayments of RMB15,000,000 can be used to offset advertising expenses incurred during the year ended 31 December 2013. During the year ended 31 December 2013, RMB25,000,000 was refunded due to the termination of an agreement with one advertising agent and RMB17,173,900 was used to offset the advertising expenses.

As at 31 December 2013, the balance of deposits and prepayments included refundable deposits and prepayments of RMB26,653,600 in total to five independent third party advertising media or its agents for the purchase of advertising space to be used for preparing and producing content of marketing material for the Group's clients for the years ending 31 December 2014 and 2015. According to the relevant agreements, those deposits and prepayments can be used to offset against advertising expenses.

22. BALANCES WITH AN ASSOCIATE AND SUBSIDIARIES

The balances are unsecured, interest-free and repayable on demand.

23. CASH AND CASH EQUIVALENTS

Group

	31 December	
	2013	2012
	RMB	*RMB*
Cash and bank balances	**116,719,309**	96,215,275

Company

	31 December	
	2013	2012
	RMB	*RMB*
Cash and bank balances	**702,940**	54,590,113

The cash and cash equivalents of RMB113,593,563 (2012: RMB41,566,507) are located in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC Government.

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

24. TRADE AND BILLS PAYABLES

Group

	31 December **2013** *RMB*	2012 *RMB*
Trade payables	**38,635,219**	21,564,303
Bills payable	**–**	348,096
	38,635,219	21,912,399

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

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

	31 December **2013** *RMB*	2012 *RMB*
Not more than 1 month	**10,484,063**	13,525,200
More than 1 month but not more than 3 months	**12,417,105**	4,691,715
More than 3 months but not more than 6 months	**9,238,779**	1,967,471
More than 6 months but not more than 1 year	**5,440,066**	1,008,227
Over 1 year	**1,055,206**	371,690
	38,635,219	21,564,303
Bills payable	**–**	348,096
	38,635,219	21,912,399

25. OTHER PAYABLES AND ACCRUALS

Group

	31 December 2013 RMB	2012 RMB
Receipts in advance from clients	**3,831,916**	1,372,898
Other payables and accruals *(note (i) & (ii))*	**37,002,072**	2,543,620
	40,833,988	3,916,518
Non-current portion	**(10,978,477)**	–
Current portion	**29,855,511**	3,916,518

Company

	31 December 2013 RMB	2012 RMB
Other payables and accruals *(note (i))*	**24,164,125**	1,728,293
Non-current portion	**(10,978,477)**	–
Current portion	**13,185,648**	1,728,293

Note:

(i) The balance included consideration payables of RMB22,500,000 for the acquisition of a subsidiary (note 31) to be paid during the year ending 31 December 2014 and 2015.

(ii) The balance included an amount of RMB10,348,130 dividends payable to then shareholders of Ju Liu Information, one of the subsidiaries of Grand Rapids Mobile International Holdings Ltd. that was acquired during the year ended 31 December 2013 (note 31).

The payment of such dividends must be approved unanimously by the board of directors of Ju Liu Information, where the majority of such directors shall be appointed by the Company, and must be to the satisfaction of the Company in its absolute discretion. Such dividends shall be paid out of the operating cash flow of Ju Liu Information and shall not be paid by way of loans. The payment of such dividends shall also comply with the relevant rules and regulations applicable to the Company as a listed company and shall not affect the normal operations of Ju Liu Information and the Company.

26. BANK BORROWING

Group

	31 December	
	2013	2012
	RMB	*RMB*
Unsecured interest-bearing loan	**15,000,000**	15,000,000

The unsecured bank borrowing of the Group has been guaranteed by the subsidiary of the Group, SumZone Enterprise and repayable within one year. No asset is pledged for the bank borrowing. Interest is charged from 6.5% to 7.2%.

27. DEFERRED TAX LIABILITIES

Group

	Fair value surplus in respect of business combination
	RMB
At 1 January 2013	–
Acquired through business combination *(note 31)*	1,323,725
Credited to profit or loss *(note 11)*	(154,435)
At 31 December 2013	1,169,290

The amount credited to profit or loss relates to the amortisation of intangible assets.

28. SHARE CAPITAL

	Number	RMB
Authorised:		
At 1 January 2012 (38,000,000 shares of HK$0.01 each)	38,000,000	316,016
Increase in authorised share capital on 10 April 2012	1,962,000,000	16,316,405
At 31 December 2012, 1 January 2013 and 31 December 2013	2,000,000,000	16,632,421
Issued and fully paid:		
At 1 January 2012	1,000	8
Capitalisation issue credited as fully paid on the share premium account of the Company *(note a)*	149,999,000	1,213,822
Shares issued on placing *(note b)*	50,000,000	404,610
At 31 December 2012	200,000,000	1,618,440
Shares issued on acquisition of a subsidiary *(note c)*	46,810,194	378,297
At 31 December 2013	246,810,194	1,996,737

Notes:

(a) Pursuant to the resolution passed on 10 April 2012, 149,999,000 shares were allotted and issued at a par value of HK$0.01 each in proportion to the holders of shares whose names appear on the register of members of the Company at the close of business on 5 April 2012.

(b) Pursuant to the share placing on 27 April 2012, 50,000,000 shares of HK$0.01 each were issued at a price of HK$1.98 per share. Accordingly, the Company's share capital was increased by RMB404,610 and the balance of the proceeds of RMB79,162,977, after deducting the listing expenses of RMB10,714,085 was credited to the share premium account.

(c) On 17 June 2013, the Company's issued share capital was increased by RMB378,297 through the issue of 46,810,194 shares as part of the consideration to acquire the Grand Rapids Group as set out in note 31. The fair value of the consideration shares as determined by the closing market price of HK$3.084 per share on 17 June 2013 (being date of issue of shares) was RMB116,666,667. The premium on the issue of new shares amounted to RMB115,884,008 was credited to the share premium account after deducting direct issued costs of RMB404,362.

29. RESERVES

Company

	Share premium (note a) RMB	Exchange reserve (note b) RMB	Accumulated losses (note c) RMB	Total RMB
At 1 January 2012	19,890,023	(500,309)	(5,526,598)	13,863,116
Loss for the year	–	–	(5,823,276)	(5,823,276)
Other comprehensive income	–	(497,601)	–	(497,601)
Total comprehensive income	–	(497,601)	(5,823,276)	(6,320,877)
Capitalisation issue *(note 28 (a))*	(1,213,822)	–	–	(1,213,822)
Shares issued on placing, net of expenses *(note 28 (b))*	68,448,892	–	–	68,448,892
At 31 December 2012 and 1 January 2013	87,125,093	(997,910)	(11,349,874)	74,777,309
Loss for the year	–	–	(4,376,556)	(4,376,556)
Other comprehensive income	–	516,117	–	516,117
Total comprehensive income	–	516,117	(4,376,556)	(3,860,439)
Shares issued on acquisition of a subsidiary *(note 28 (c))*	115,884,008	–	–	115,884,008
At 31 December 2013	203,009,101	(481,793)	(15,726,430)	186,800,878

Notes:

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

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

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

30. RELATED PARTY TRANSACTIONS

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

(a) Related party transactions

		Year ended 31 December	
	Note	**2013** ***RMB***	2012 *RMB*
Entrustment fee to an associate	(a)	**1,940,000**	1,940,000
Services income from a related company	(b)	**–**	9,905,660

Notes:

(a) The entrustment fee was paid/payable by SMU to an associate, East Shanghai SumZone, in relation to the transfer of the entrusted rights of the management of the operations and business of the magazine Shanghai Scene (上海灘) and Shanghai Today (今日上海), which rights were initially granted to East Shanghai SumZone by Shanghai Scene Magazine (上海灘雜誌社) and Shanghai Today Magazine (今日上海雜誌社), respectively.

(b) The services income was received/receivable from Shanghai Jingyi Cultural Media Company Limited ("Jingyi") (上海競藝文化傳媒有限公司) for advertisements placement and event marketing services provided. On 28 December 2012, the Company's director, Mr. Fang Bin disposed all of his 30% equity interests in Jingyi to an independent third party. Accordingly, Jingyi has ceased to be a related party and connected person of the Group.

The above transactions are charged at a pre-determined rate mutually agreed by the parties.

(b) Balances with related parties

The outstanding balances with related parties are set out in notes 22 to the consolidated financial statements.

(c) Key management personnel compensation

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

	31 December	
	2013	2012
	RMB	*RMB*
Short-term employee benefits	**1,379,403**	871,380

31. ACQUISITION OF A SUBSIDIARY

On 17 June 2013, the Group acquired 100% of the equity interest of Grand Rapids Mobile International Holdings Ltd. and its subsidiaries ("Grand Rapids Group"), which are principally engaged in the provision of wireless advertising and marketing services in the PRC.

After the acquisition, the Group can place particular emphasis on the expansion of its digital media-based branding business which could benefit the long term development of the Group.

Pursuant to the sales and purchases agreement, the vendor undertake that the net profit of the Grand Rapids Group in the audited financial statements for the financial years ended/ending 31 December 2013, 2014 and 2015 shall not be less than RMB18,000,000, RMB25,000,000 and RMB32,000,000, respectively ("Warranted Profit"). If there is a shortfall on the Warranted Profit in 2013, 2014 and 2015, there will be a cash compensation from the vendor to the Company. In the opinion of the directors of the Company, the possibility of Grand Rapids Group that does not meet the Warranted Profit is remote so that there is no contingent assets recognised for the cash compensation.

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

	RMB	*RMB*
Property, plant and equipment *(note 15)*	**55,945**	
Intangible assets *(note 17)*	**5,294,900**	
Financial assets at fair value through profit or loss	**6,500,000**	
Trade and bills receivables	**23,936,145**	
Prepayments, deposits and other receivables	**766,873**	
Cash and cash equivalent	**1,271,712**	
Trade and bills payables	**(18,754,899)**	
Other payables and accruals	**(12,373,481)**	
Deferred tax liabilities recognised upon fair value adjustments	**(1,323,725)**	5,373,470
Satisfied by:		
Cash consideration	**22,500,000**	
Cash consideration payables *(note 25)*	**22,500,000**	
Issue of ordinary shares at fair value *(note 28(c))*	**116,666,667**	161,666,667
Goodwill *(note 16)*		156,293,197
Net cash outflow arising from acquisition:		
Cash consideration paid	**(22,500,000)**	
Cash and cash equivalents acquired	**1,271,712**	
	(21,228,288)	

Since the acquisition date, Grand Rapids Group has contributed RMB56,852,992 and RMB19,902,826 to Group's revenue and profit. If the acquisition had occurred on 1 January 2013, the Group's revenue and profit would have been increased by RMB77,293,460 and RMB19,805,071 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future performance.

The acquisition related costs of RMB1,047,321 have been expensed and are included in administrative expenses. The attributable costs of the issuance of the shares of RMB404,362 have been deducted in the share premium.

The goodwill of RMB156,293,197, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

32. OPERATING LEASE COMMITMENTS

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

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

	31 December	
	2013	2012
	RMB	*RMB*
Within one year	**568,495**	700,684
In the second to fifth years, inclusive	**156,996**	30,855
	725,491	731,539

33. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

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

Group

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Trade and bills receivables	**147,584,340**	77,563,241
Financial assets included in prepayments, deposits and other receivables	**5,644,959**	48,453,373
Cash and cash equivalents	**116,719,309**	96,215,275
	269,948,608	222,231,889

Financial liabilities

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

Group

	Year ended 31 December	
	2013	2012
	RMB	*RMB*
Trade and bills payables	**38,635,219**	21,912,399
Financial liabilities included in accrued liabilities and other payables	**37,002,072**	2,543,620
Amount due to an associate	**–**	20,000
Bank borrowing	**15,000,000**	15,000,000
	90,637,291	39,476,019

34. FINANCIAL RISK, CAPITAL MANAGEMENT AND FAIR VALUE

The Group has various financial assets and liabilities such as trade, bills and other receivables, trade, bills and other payables, balances with a shareholder and an associate and bank borrowing, which arise directly from its operation.

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

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in RMB, which is the functional currency of the Company. Except for the cash and bank balances of RMB3,605,852 (2012: RMB74,931,055) that are denominated in Hong Kong Dollars ("HKD"), it is estimated that upon an appreciation or depreciation of 2% in HKD against RMB, with all other variables held constant, the profit before income tax expense would increase or decrease by RMB72,117 (2012: RMB1,498,621). The Group currently does not have a foreign currency hedging policy, but management is closely monitoring the Group's foreign exchange exposure.

Credit risk

The most significant financial assets of the Group is trade receivables and other receivables. The Group trades only with recognised and creditworthy clients and the receivable balances are monitored on an ongoing basis and on an individual basis. The Group had a certain degree of concentration of credit risk, details please refer to note 20 & note 21. Given the credit worthiness and reputation of the major debtors, management believes the risk arising from concentration is manageable and not significant.

As at 31 December 2013, the Group has refundable deposits/prepayments of RMB26,653,600 (2012: RMB47,700,000) in total to five (2012: three) independent third party advertising media or its agents (note 21). In the opinion of Directors, the credit risk of these advertising media or its agents is not significant, as they have credit worthiness and reputation.

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

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The maturity profile of the Group's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, was less than one year, except for the other payables and accruals of RMB10,978,477 that to be paid in 2015. The discounting impact of the Group's financial liabilities is insignificant.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders and issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 2012.

Fair value

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

35. SHARE OPTION SCHEME

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

No share options were granted during the year ended 31 December 2013 and 2012.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Company and its subsidiaries (collectively, the "Group") recorded total revenue of approximately RMB271,275,660 for the year ended 31 December 2013, representing an increase of approximately 84.62% or RMB124,335,880 from RMB146,939,780 for the year ended 31 December 2012. The total gross profit of the Group was approximately RMB90,660,470 for the year ended 31 December 2013, representing an increase of approximately 56.45% or RMB32,711,000 from RMB57,949,470 for the year ended 31 December 2012. The gross profit margin decreased to approximately 33.42% in the year ended 31 December 2013 from 39.44% in the corresponding period last year. The net profit of the Group for the year ended 31 December 2013 increased by 57.20% from the corresponding period last year to approximately RMB50,865,510, while the net profit margin of the Group for the year ended 31 December 2013 decreased from 22.02% in corresponding period last year to 18.75%. Earnings per share of the Group for the year ended 31 December 2013 was RMB22.57 cents.

BUSINESS REVIEW

The Group is a provider of value-added branding services with a unique business model focusing on serving brands in the high-end consumer goods sector. The Group provides one-stop integrated marketing communications services including advertising communications, PR communications and event marketing to clients. Existing clients include brands from automobile, home fashion and finance sectors. The Group focus on serving clients' needs and is supported by diversified media networks and service resources, including various media such as newspapers, magazines, the Internet, mobile phones and outdoor media as well as various event venues. The Group places particular emphasis on integrating its digital media business with advertising, PR and event marketing businesses, creating a new value-added branding service model. During 2013, the Group optimised its existing professional teams, further consolidated media resources, strengthened capabilities for diversified services and vigorously developed business partners. During the year ended 31 December 2013, the Group kept diversifying the sectors of clients served by it, and started to develop clients in the travel, financial, commercial property and retail sectors.

The Group's principal business activities include advertising communications, PR communications and event marketing. The Group makes efforts on the development of digital marketing business and continues to expand its digital marketing platform and enhance abilities for digital marketing services. The Group acquired the entire issued share capital of Grand Rapids Mobile International Holdings Limited ("Grand Rapids Mobile") and subsequently the entire equity interests of Shanghai Ju Liu Information Technology Company Limited ("Ju Liu Information") in June 2013 (the "Acquisition"). Ju Liu Information mainly provides wireless marketing services for its brand customers based on wireless advertising platform and is primarily engaged in wireless advertisement sales, wireless advertisement production and wireless effect marketing.

ADVERTISING COMMUNICATIONS

As part of the customised branding and marketing services, the Group provides professional and well-targeted advertising communications services to our clients through the SMU Publications referred to below, *www.cnnauto.com*, our self-operated website and other media. The Group provides various forms of media for clients to place advertisements, ranging from newspapers, magazines, the Internet to mobile phones and outdoor media. The Group's own media resources are the SMU Publications which include *Auto 007, Auto Report* magazine, *I home* magazine, *Shanghai Today* magazine, *Shanghai Scene* magazine and our self-operated website, CN 汽車網 *(www.cnnauto.com)*. The advertising media in which the Company operates in cooperation with external partners covers the mainstream media of Shanghai and China at large, including outdoor billboards located at prime sites of Shanghai.

The income from the advertising communications business for the year ended 31 December 2013 was approximately RMB156,868,328, representing an increase of approximately 114.28% or RMB83,662,428 as compared with approximately RMB73,205,900 for the year ended 31 December 2012. Such growth was primarily due to: (i) the Group's enhanced efforts in securing better advertising spaces during the year ended 31 December 2013 so that its major clients are attracted to place advertisements in traditional media, leading to a significant growth in advertising communications business of the Group as compared with the corresponding period of last year; (ii) the consolidation of the income of Ju Liu Information for the seven months ended 31 December 2013 (the "Relevant Period") into the total advertising communications income of the Group for the year ended 31 December 2013 as a result of the Acquisition. As disclosed in note 5 (Segment Reporting) to the financial statements, during the year ended 31 December 2013, advertising income from our largest client, which is a "4A" advertising agency of certain international automobile brands, accounted for approximately 21.45% of our total advertising income in the year and increased by 165.67% over the last year due to the significant increase in the advertisements placed by three major international automobile brands in various media during the year. The total income of Ju Liu Information during the Relevant Period was approximately RMB56,852,990. Without taking into account the contribution from Ju Liu Information for the Relevant Period, the income derived from the advertising communications business of the Group was approximately RMB100,015,340, representing a growth of approximately 36.62% or RMB26,809,440 as compared with the same period of last year.

The income of Ju Liu Information for the year ended 31 December 2013 was approximately RMB77,293,460, of which the total income from January to May 2013 was RMB20,440,470. The total income of Ju Liu Information during the Relevant Period was approximately RMB56,852,990. The following table sets forth the breakdown of income of Ju Liu Information during the Relevant Period:

Business Segments	**During the Relevant Period**
Wireless advertisement sales	RMB27,284,260
Wireless advertisement production	RMB2,551,510
Wireless effect marketing	RMB27,017,220
Total	RMB56,852,990

PR COMMUNICATIONS

PR communications services are an integral part of our one-stop branding services, which focus on providing the clients with tailored PR strategies as well as well-targeted and effective communications solutions, usually including PR consultation, PR communications and media coverage and monitoring. This business can also be divided into traditional PR and electronic public relations ("EPR") depending on the type of media channels.

In providing marketing and communications services to brand owners via digital media, the Group has accumulated extensive digital media resources, including mainstream websites and leading wireless media in China, which allows the Group to offer brand owners faster, more extensive and interactive EPR services (portal-based PR communications, online-community-based word-of-mouth communications and emerging social media marketing, etc.). Among the Group's EPR clients, the number of clients in the home fashion industry increased in 2013.

For the year ended 31 December 2013, the PR communications income was approximately RMB58,390,552, representing an increase of approximately 134.00% or RMB33,437,097 as compared with approximately RMB24,953,450 for the year ended 31 December 2012. Such an increase was mainly attributable to the Group's positioning its digital marketing business as the key sector for business development. In 2013, by continuously expanding its digital marketing professional team and amassing digital media communications resources, together with the increasing popularity of the EPR business among brand owners, the Group recorded a substantial increase in the income from the EPR business as compared with last year, therefore boosting the overall income from our PR communications business. During the period ended 31 December 2013, the income from EPR business was approximately RMB41,328,800, representing an increase of approximately 155.71% or RMB25,166,430 as compared with the same period of last year.

EVENT MARKETING

The Group organises and implements event marketing projects for clients from time to time, which usually includes press conferences, new products road shows, conventions, exhibitions, forums and celebration activities. As an important part of the Group's integrated marketing communications services, the Group organises marketing and promotional campaigns in accordance with the specific requirements of its clients with a goal to enhance the brand's awareness amongst potential end users. Below-the-line (BTL) marketing has become an indispensable part of brand marketing. Our event marketing division plans and implements customised marketing events for our clients with an aim to increase public awareness of their brands and products, enabling the end users to have direct experience and form an impression of the products so as to achieve a deeper understanding of such products, or even prompting them to buy the products instantly.

The income from several event marketing projects undertaken by the Group in 2013 amounted to approximately RMB59,795,530, representing an increase of approximately 17.30% or RMB8,816,920 as compared with approximately RMB50,978,610 as at 31 December 2012. Such considerable increase was mainly due to clients' increasing satisfaction with the marketing outcome of the Group's effort as a result of our innovative event marketing methods and enhanced strategies, which allowed the Group to organise various large-scale brand promotional campaigns during the year ended 31 December 2013.

THE ACQUISITION

On 19 April 2013, the Company entered into an agreement (the "Agreement") with Always Bright Enterprises Limited and Mr. Huang Wei, pursuant to which the Company conditionally agreed to acquire the entire issued share capital in Grand Rapids Mobile and subsequently the entire equity interests of Ju Liu Information through the Acquisition. Grand Rapids Mobile is an investment holding company while Ju Liu Information mainly provides wireless marketing services for its brand customers based on wireless advertising platform and is primarily engaged in wireless advertisement sales, wireless advertisement production and wireless effect marketing. The clients of Ju Liu Information are mainly domestic and international reputable brands and well-known advertising agencies for famous brands. Its existing clients include numerous brands ranging from automobile, finance, fast-moving consumer goods, baby products, hospitality, e-commerce to digital products sectors across different regions including Shanghai, Nanjing, Chengdu, Changchun, Qingdao and Xinjiang.

Since the Acquisition, the Group shares client resources with Ju Liu Information to provide relevant services for its clients and has achieved significant business synergy. In 2013, Ju Liu Information experienced a rapid expansion and had secured 28 new clients, 9 of which are from the automobile industry, 8 from the financial industry and 11 from the fast moving consumer goods and other sectors. 5 of these clients will be treated as important target clients in 2014 and will potentially contribute a certain amount of sales targets of the Group.

The Mobile Mix effective mobile marketing service model, invented by Ju Liu Information, received the 2013 MAwards. Effective mobile marketing service requires not only well-planned strategies and integrated media resources, but also complete control over project management. The award is a full recognition of the leading position and service capabilities of Ju Liu Information in the industry.

The book authored by Ju Liu Information "The Third Screen – The Practice" (實戰第三屏) was successfully published in 2013, which includes 40 practical cases, 8 in-depth additional topics, nearly 150 illustrative images, an appendix attaching "2013 Chinese Brand Advertisers Mobile Marketing Guide" and an appendix attaching "2013 One Hundred Questions and Answers on Mobile Marketing". It is the latest and most comprehensive introductory book on mobile marketing business in the country and quickly becomes a best-seller.

Ju Liu Information values its interaction with clients and peers in the industry and was invited for many times to participate in technical training sessions, mobile industry conferences and marketing case award events organized by media and professional institutions such as MODERN ADVERTISING, MMA, Meihua Net *(http://www.meihua.info)* and Hooxiao Net *(www.hooxiao.com)*.

According to the Agreement, 上海大頭信息科技有限公司 (Shanghai Da Tou Information Technology Company Limited) and Mr. Huang Wei, who owned 99% and 1% of the equity interests of Ju Liu Information respectively prior to the acquisition of Ju Liu Information by the Group, are entitled to the retained earnings of Ju Liu Information as at 31 December 2012 as audited by the auditors specified by the Company in accordance with the International Financial Reporting Standards. The retained earnings of Ju Liu Information as at 31 December 2012 were approximately RMB10,348,130. The Company expects that the retained earnings of Ju Liu Information as at 31 December 2012 may be paid within 12 months after the completion of the Acquisition. The payment of such retained earnings must be approved unanimously by the board of directors of Ju Liu Information, where the majority of such directors shall be appointed by the Company, and must be to the satisfaction of the Company in its absolute discretion. Such retained earnings shall be paid out of the operating cash flow of Ju Liu Information and shall not be paid by way of loans. The payment of retained earnings shall also comply with the relevant rules and regulations applicable to the Company as a listed company and shall not affect the normal operations of Ju Liu Information and the Company. In the financial statements of the Group set out in this announcement, as at 31 December 2013, such unpaid retained earnings are accounted for as other payables and accruals in the audited consolidated financial statement of the Company for the twelve months ended 31 December 2013.

OTHER INCOME AND GAINS

Other income and gains increased from approximately RMB2,722,500 for the year ended 31 December 2012 to approximately RMB3,835,380 for the year ended 31 December 2013. Other income and gains mainly included distribution income, interest income, gains from disposal of assets and subsidy income, amongst which gains from disposal of assets represented the gains arising from the disposal of specific products by the Group pursuant to the Group's disposal of assets management plan of approximately RMB1,477,780. Subsidy income included financial subsidies granted by the national government authorities to subsidiaries of the Group.

COST OF SALES AND GROSS PROFIT

For the year ended 31 December 2013, the key components of the Group's cost of sales comprised content production, printing and distribution costs of the SMU Publications, operating costs of *www.cnnauto.com*, expenses for procuring advertising and/or text advertisements space as well as event organising and production costs. The Group's cost of sales for the year ended 31 December 2013 amounted to approximately RMB180,615,190, representing an increase of approximately 102.96% or RMB91,624,880 as compared with approximately RMB88,990,310 for the year ended 31 December 2012. Such increase was mainly due to (i) the increase in relevant costs as a result of an increase in income from various businesses of the Group during the year ended 31 December 2013; and (ii) the inclusion of the cost of sales of Ju Liu Information during the Relevant Period in the cost of sales of the Group.

For the year ended 31 December 2013, the Group achieved a gross profit of approximately RMB90,660,470, representing an increase of approximately 56.45% or RMB32,711,000 as compared with approximately RMB57,949,470 for the year ended 31 December 2012. The Group's gross profit margin decreased from 39.44% for the year ended 31 December 2012 to 33.42% for the year ended 31 December 2013. The decrease in our gross profit margin was primarily due to (i) the increase of media operating cost of traditional media; (ii) a drop in overall gross profit margin as a result of the increased volume of event marketing business which generated lower profit than digital marketing business; (iii) the continuous optimization and expansion of the Company's professional teams, which led to an increase in labor cost.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended 31 December 2013 amounted to approximately RMB4,449,760, representing an increase of 225.23% as compared with approximately RMB1,368,190 for the year ended 31 December 2012. The increase was due to the inclusion of the selling and distribution expenses of Ju Liu Information of approximately RMB2,927,990 during the Relevant Period in those of the Group as a result of the Acquisition.

ADMINISTRATIVE AND OTHER EXPENSES

Administrative and other expenses for the year ended 31 December 2013 increased by RMB3,480,536 to approximately RMB18,001,778, representing an increase of 23.97% over the year ended 31 December 2012. Such increase was mainly due to (i) the inclusion of the administrative and other expenses of Ju Liu Information of approximately RMB2,936,130 during the Relevant Period in those of the Group as a result of the Acquisition; (ii) expenses arising from the Acquisition by the Group of RMB1,047,320; and (iii) amortisation expenses of intangible assets arising from consolidation.

HUMAN RESOURCES

As at 31 December 2013, the Group had 241 employees in total in the PRC, 98 of which are employees of Ju Liu Information in the PRC. The Group's remuneration policy is formulated based on industry practices and the performance of individual employees. During the year ended 31 December 2013, the total staff cost was approximately RMB15,828,284 (for the year ended 31 December 2012: RMB9,736,340). The rise in human resource costs was due to the significant increase in the total number of employees of the Group and higher labor costs in 2013 as compared with 2012 due to the continuous expansion of its professional team by the Group after the Acquisition.

USE OF NET PROCEEDS FROM THE PLACING

The shares (the "Shares") of the Company were listed on the GEM of the Stock Exchange on 27 April 2012 (the "Listing Date"), and the proceeds from the Placing (as defined in the prospectus of the Company dated 17 April 2012 (the "Prospectus") were approximately RMB75,300,500.

According to the future operation plan of the Group set out in the Prospectus, the Group's actual business progress and use of proceeds for the year ended 31 December 2013 were as follows:

	Business targets for the year ended 31 December 2013	**Actual business progress as at 31 December 2013**	**Use of proceeds for the year ended 31 December 2013**
Introduction of new media covering new industries	• To launch a new media covering the financial Industry.	• The Group developed Guagualicai Wechat subscription account.	Planned investment: HK$1,500,000 (approximately RMB1,219,120) Actual investment: RMB862,400 The proceeds which have not been used as planned will be applied for future business development of the Company.

	Business targets for the year ended 31 December 2013	Actual business progress as at 31 December 2013	Use of proceeds for the year ended 31 December 2013
Expansion of our professional team	• To continue to serve existing clients and generate more revenue. • To secure at least one new client from the automobile and financial industries respectively, which is expected to contribute revenue of more than RMB1 million to the Group annually. • To secure at least two new clients from the financial industry and secure at two new clients new clients from the travel industry.	• In 2013, the Group recruited 101 employees as planned. • The Group secured four new clients from the home fashion industry, fifteen new clients from the automobile industry, nine new clients from financial industry and twelve clients from fast-moving consumer industry and other industries in 2013.	Planned investment: HK$2,800,000 (approximately RMB2,276,420) Actual investment: RMB2,911,150
Expansion of digital marketing platform	• To increase revenue from both self-operated and other wireless media platform • To secure more Internet advertising business and continue to expand our EPR operation and generate more revenue from digital marketing • To start the operation of our database marketing business • To continue to enhance the influence and popularity of our self-operated digital media • To create new digital media platforms and products and enhance our service model in light of the prevailing market	• After the Acquisition, the revenue from our wireless media platform increased substantially. • The volume of our advertising business increased and the volume of EPR business surged 155.71% as compared with the same period. • The Group established a platform for Wechat marketing.	Planned investment: HK$2,800,000 (approximately RMB2,276,420) Actual investment: RMB4,493,000
Expansion of geographic coverage	• To establish Guangzhou office and Beijing office.	• Guangzhou office and Beijing office have not been set up as the Group is still identifying the suitable team for prudence sake and will establish the offices when appropriate.	Planned investment: HK$2,450,000 (approximately RMB1,991,870) Actual investment: 0 The proceeds which have not been used as planned will be applied for future business development of the Company.

	Business targets for the year ended 31 December 2013	Actual business progress as at 31 December 2013	Use of proceeds for the year ended 31 December 2013
Mergers and acquisitions	• To acquire a company complimentary to our integrated marketing communications services under favorable market conditions.	• The Group acquired the entire issued share capital of Grand Rapids Mobile and the entire equity interests of Ju Liu Information in June 2013.	Planned investment: HK$17,500,000 (approximately RMB14,227,640) Actual investment: RMB45,000,000 The consideration for the Acquisition included cash consideration RMB45,000,000 and the issue and allotment of 46,810,194 new shares of HK0.01 each in the share capital of the Company to the vendor at the issue price of HK$3.084 per share.

The business targets which have not been accomplished for the period from the Listing Date, to 30 June 2013, together with their status as at 31 December 2013 are set out in the following table in detail.

Business targets which have not been accomplished for the period from the Listing Date to 30 June 2013	Completion status as at 31 December 2013
To establish a new media covering the travel industry	Not completed, unused planned use of proceeds will be used for future business development of the Group
To secure at least one new client from the financial industry and at least one new client from the travel industry	The Group secured 9 new clients from the financial industry, but no client from the travel industry
To research and develop the mobile version for the SMU Publications	Not completed, unused planned use of proceeds will be used for future business development of the Group
To establish Nanjing, Tianjin and Guangzhou offices	Not completed, since the headquarter of the Group in Shanghai is now able to conduct businesses of the Group in Nanjing, Tianjin and Guangzhou, the Company had not set up new regional offices in these cities for the time being. Offices will be set up when appropriate.
To acquire a company to complement our integrated marketing communications services	Completed

Use of proceeds from the Placing up to 31 December 2013 is set out in the following table in detail.

	From the Listing Date to 31 December 2013	
Use of proceeds from the Placing	**Planned amount (RMB thousand)**	**Actual amount utilised (RMB thousand)**
Introduction of new media in relation to new industries	**3,089.43**	**862.40**
Expansion of professional team	**5,975.61**	**3,821.21**
Expansion of digital marketing platform	**6,951.22**	**5,012.01**
Expansion of geographical scope	**5,609.76**	**–**
Mergers and acquisitions	**31,300.81**	**45,000.00**
Total	**52,926.83**	**54,695.62**

FUTURE PROSPECTS

In 2013, China's GDP growth slowed down. Affected by the overall economic environment, the advertising market presented a poor performance, while the overall advertising market of magazines and newspapers remained sluggish. In spite of the external challenges, the Group achieved significant growth in the results for the year 2013. Under the prevailing economic environment, the Company achieved a satisfactory financial performance, with the revenue surging by approximately 84.62%. By capturing the opportunities arising from the digital generation, the Group focused on developing digital marketing business and achieved significant expansion in the digital marketing business, which made the Group confident about its business prospects.

Through the Acquisition, the Group expanded the digital marketing business and this laid a solid foundation for the Group to develop more rapidly, which further helped the Group to become a provider of comprehensive branding services. By fully capitalizing on the advantages of Ju Liu Information in marketing services, media integration and creative planning in the area of mobile advertising, the Group was able to enhance its capabilities in digital marketing services. As a result of these efforts, the Group's digital marketing business developed quickly and the professional products of certain brands operated by the Group were broadly recognized in the industry and became more reputable and influential.

Looking forward, the Group will continue to serve existing clients in order to generate more revenue and expand and optimize the portfolio of the Group's clients from the automobile and home fashion sectors. The Group will proactively secure new clients from the financial and travel industries. The Group's digital marketing business will remain as the key development focus and the Group will continue to increase its investments, expand its professional team and improve the quality of the professional team with the aim to provide its clients with high-quality digital marketing services and new media communication solutions. In addition, the Group will continue to prioritize brand marketing business based on digital media and identify acquisition opportunities that would be favorable to the long term development of the Group.

FINANCIAL OVERVIEW

Capital Resources and Liquidity

As at 31 December 2013, the total equity attributable to the Group's shareholders was approximately RMB354,581,260, including statutory reserves of RMB4,073,950. The Group continued to maintain a strong financial position with cash and bank balances amounting to approximately RMB116,719,310. The Group's working capital was approximately RMB202,988,810. Based on the Group's steady cash inflow from operations, together with its existing cash and bank balances on hand and bank facilities available to the Group, the Group has adequate financial resources to fund the working capital required for its development plan in the coming year.

During the year ended 31 December 2013, the Group's cash and bank balances were denominated in RMB or Hong Kong dollars and placed in reputable financial institutions as deposits with maturity dates falling within one year. This is in line with the Group's treasury policy to maintain liquidity of its funds and will continue to contribute stable income to the Group.

On 29 November 2013, the Group entered into a loan agreement with a bank. The loan amounted to RMB15,000,000 was unsecured with fixed interests of 6.5%. It is guaranteed by the subsidiary of the Group, 上海三眾企業管理諮詢有限公司 (Shanghai SumZone Enterprise Management Consultancy Company Limited), repayable within a year. No asset is pledged.

Gearing Ratio

The gearing ratio, defined as the ratio of total liabilities less cash and bank balances to total assets, was -0.02 and -0.21 as at 31 December 2013 and 2012, respectively.

Financial Policies

It is the Group's treasury management policy not to engage in any investments or speculative derivative instruments with high risks. During the year ended 31 December 2013, the Group continued to adopt a conservative approach in financial risk management. Most of the assets, receipts and payments of the Group are denominated in RMB.

Charge on the Group's Assets

As at 31 December 2013, the Group had no assets pledged to any financial institutions.

Contingent Liabilities

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

Foreign Exchange Risk

The Group mainly operates in the PRC with most of its transactions settled in Renminbi. Some of the Group's bank deposits are denominated in Hong Kong dollars. The Directors are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the year ended 31 December 2013, the Group did not enter into any hedging activities in respect of its exposure to foreign exchange risk.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. The Directors consider that the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules during the year ended 31 December 2013, except for the deviation from code provision A.1.8 of the Code as described below.

Under code provision A.1.8 of the Code, an issuer should arrange appropriate insurance cover in respect of legal action against its Directors. The Company did not have such insurance cover for its Directors for the year ended 31 December 2013. This is deviated from code provision A.1.8 of the Code. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility cover of actual litigation against the Directors is low. The Group has been considering arranging appropriate insurance cover for Directors by keeping communication with certain insurance companies. The Group has been comparing proposals and quotations from various insurance companies and it is currently in the process of making specific arrangement in relation to Directors' insurance cover with an insurance company. As at the date of this announcement, the insurance contract has been arranged for the managements' internal review.

The Company will continue to review its corporate governance practices from time to time in order to enhance its corporate governance standards, comply with increasingly stringent regulatory requirements and meet the growing expectations of shareholders and investors.

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 concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding Director's securities transactions during the year ended 31 December 2013.

BOARD OF DIRECTORS

The Company is governed by the board of Directors which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this announcement, the Board comprises seven Directors of which three are executive Directors, one is non-executive Director and three are independent non-executive Directors.

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

The Board is also delegated with the corporate governance functions under code provision D.3.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively and acting in the interests of the Company and its shareholders at all times.

There is no relationship, including financial, business, family or other material/relevant relationship(s) between members of the Board and the Chairman and the general manager and deputy general managers of the Company.

The Company organizes formal training sessions for the Directors, management and relevant staff from time to time. On 30 May 2013, the Group invited Messrs. Loong & Yeung to conduct one formal training session for all the Directors. The training session covered topics including group governance, ongoing compliance obligations, provisions in relation to connected transactions and the disclosure of inside information. On 15 October 2013, the Group invited Messrs. Loong & Yeung and the Company's compliance adviser Anglo Chinese Corporate Finance, Limited ("Anglo Chinese") to conduct one training session for our senior management and key executives. The training session covered topics including, amongst others, relevant regulations and requirements in relation to inside information, model code for securities transactions by Directors, disclosure of interests held by shareholders and Directors, notifiable transactions, connected transactions and recent amendments to the GEM Listing Rules. The Group has also provided reading materials including the updated Code, the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to all Directors to develop and refresh the Directors' relevant knowledge and skills. The Group and its legal advisers will continue to update the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

The Board's composition is as follows:

Executive Directors

Fang Bin (方彬) *(Chairman and general manager)*
He Weiqi (賀維琪) *(Deputy general manager)*
Song Yijun (宋義俊) *(Deputy general manager)*

Non-executive Director

Fan Youyuan (范幼元)

Independent non-executive Directors

Zhou Ruijin (周瑞金)
Lin Zhiming (林志明)
Hsu Wai Man, Helen (徐慧敏)

RESIGNATION OF NON-EXECUTIVE DIRECTOR

On 19 April 2013, the Company entered into an agreement with Always Bright Enterprises Limited and Mr. Huang Wei, pursuant to which, the Company acquired the entire issued share capital of Grand Rapids Mobile and subsequently the entire equity interests of Ju Liu Information by cash consideration and by way of issue and allotment of new Shares (the "Consideration Shares") and as a result of the Acquisition, the Company indirectly holds the entire equity interest of Ju Liu Information.

In order to ensure that the shareholding percentage held by public shareholders (as defined under the GEM Listing Rules) (the "Public Float") in the Company will be no less than the prescribed percentage under the GEM Listing Rules upon the issue and allotment of the Consideration Shares, on 22 April 2013, after deliberation amongst the members of the Board, Mr. Lin Kaiwen ("Mr. Lin"), a non-executive Director and a connected person (as defined under the GEM Listing Rules) of the Company, decided to tender, and the Board accepted, his resignation as a non-executive Director with effect from 22 April 2013 (the "Resignation") and as a result the Shares which Mr. Lin was interested were regarded as held by public. In addition to ensuring that the Public Float is maintained at no less than 25% before and after the issue and allotment of the Consideration Shares, Mr. Lin tendered his Resignation to focus on his other personal and business pursuits.

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract with the Company for an initial term of three years commencing from 27 April 2012 subject to termination by not less than three months' written notice served by either party to the other party or termination in accordance with certain circumstances, terms and conditions as stipulated in the relevant service contracts. In compliance with the code provision in A.4.2 of the Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. By virtue of article 112 of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 108(a) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company may fill the vacated office at the general meeting at which a Director retires.

Mr. Fang, Ms. He Weiqi and Mr. Song Yijun will retire from office as Directors at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance with financial and other regulatory requirements.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his or her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this announcement.

BOARD MEETING AND PROCEDURES

The Directors can attend meetings in person or by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such meeting shall constitute presence in person at such meetings in accordance with article 133 of the Company's articles of association. Generally, at least 14 days' notice will be given for the regular Board meetings by the Company in accordance with A.1.3 of the Code. The Directors will receive details of agenda and accompanying Board papers at least 3 days before each regular Board meeting to ensure the Directors are able to make informed decisions regarding the matters to be discussed in the meetings in accordance with A.7.1 of the Code. All Directors will also be provided with sufficient resources to perform their duties, and upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expense. All minutes of Board meetings will be recorded in sufficient detail, including matters considered and decisions reached by the Board. Pursuant to 17.48A of the GEM Listing Rules, Directors shall abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest. In this regard, Mr. Lin Zhiming abstained from voting on the eleventh Board meeting of the Group and was not counted in the quorum. Mr. Fang and Mr. Fan Youyuan abstained from voting on the twelfth Board meeting of the Group and was not counted in the quorum.

7 Board meetings were held during the year ended 31 December 2013. The attendance of each Director in meetings of the Board and the other board committees is as follows:

	Meetings attended/held				
Name of director	**Board meeting**	**Audit Committee meeting**	**Nomination Committee meeting**	**Remuneration Committee meeting**	**General meeting**
Executive Directors					
Mr. Fang Bin (方彬) *(Chairman and general manager)*	6/7	/	/	/	2/2
Ms. He Weiqi (賀維琪) *(Deputy general manager)*	7/7	/	/	/	2/2
Mr. Song Yijin (宋義俊) *(Deputy general manager)*	7/7	/	/	/	2/2
Non-executive Directors					
Mr. Lin Kaiwen (林凱文) *(Resigned on 22 April 2013)*	2/7	/	/	/	/
Mr. Fan Youyuan (范幼元)	5/7	/	/	/	2/2
Independent non-executive Directors					
Mr. Zhou Ruijin (周瑞金)	7/7	4/4	1/1	1/1	2/2
Mr. Lin Zhiming (林志明)	6/7	4/4	1/1	1/1	2/2
Ms. Hsu Wai Man, Helen (徐慧敏)	7/7	4/4	1/1	1/1	2/2

CHAIRMAN AND CHIEF EXECUTIVE

According to the current organization structure of the Company, Mr. Fang is the chairman of the Board and the general manager of the Company responsible for formulating overall business strategies and management policies for the Group. Ms. He Weiqi is the deputy general manager of the Company responsible for formulating financial and taxation policies and operation procedures, cost control policies, and administration and human resources matters of the Group. Mr. Song Yijun is the deputy general manager of the Company in charge of business operation and planning, and the development and implementation of business strategies. The Company has not appointed chief executive. The roles and responsibilities of a chief executive in conducting the business of the Group have been divided among Mr. Fang, Ms. He and Mr. Song. The Company considers that Mr. Fang together with Ms. He and Mr. Song shall be regarded as the "chief executive" as defined under the GEM Listing Rules and they are jointly responsible under the immediate authority of the Board for the conduct of the business of the Group. The Company considers that there is a clear division of the duties and responsibilities of the management of the Board chaired by Mr. Fang and daily business management of the Group by each of Mr. Fang, Ms. He and Mr. Song.

AUDIT COMMITTEE

The Audit Committee was established on 10 April 2012 and has 3 members, comprising Ms. Hsu Wai Man, Helen, Mr. Lin Zhiming and Mr. Zhou Ruijin (all independent non-executive Directors). This committee is chaired by Ms. Hsu Wai Man, Helen.

The terms of reference of the Audit Committee have been determined with reference to the GEM Listing Rules and the Code and are available on the websites of the Company and the Stock Exchange.

The primary duties of the Audit Committee are, amongst other things, to make recommendations to the Board on the appointment, reappointment and removal of external auditors; to review the financial statements and provide material advice in respect of financial reporting; and to oversee internal control procedures of the Company.

During the year ended 31 December 2013, the Audit Committee had held 4 meetings to review the 2012 annual results and report, the 2013 first quarterly results and report, the 2013 interim results and report and the 2013 third quarterly results and report of the Group. The Audit Committee has reviewed the annual results announcement and report of the Group for the year ended 31 December 2013 and has submitted the same to the Board for approval. Members of the Audit Committee were of the opinion that the preparation of such results and report complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure had been made.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 10 April 2012 and has 3 members, comprising Mr. Zhou Ruijin, Ms. Hsu Wai Man, Helen and Mr. Lin Zhiming (all independent non-executive Directors). This committee is chaired by Mr. Zhou Ruijin.

The terms of reference of the Remuneration Committee have been determined with reference to the GEM Listing Rules and the Code and are available on the websites of the Company and the Stock Exchange.

The duties of the Remuneration Committee are to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. Directors and senior management of the Group; to review performance-based remuneration and to ensure none of the Directors determine their own remuneration.

The goal of developing executive remuneration packages is to enable the Group to motivate executive Directors and senior management by linking their remuneration to the Group's operating results, individual performances and comparable market rates.

The Remuneration Committee held 1 meeting during the year ended 31 December 2013, and had reviewed the following matters:

(1) the overall remuneration policy and structure relating to Directors and senior management of the Company;

(2) the remuneration policy formulated by the Company;

(3) specific remuneration packages of all executive directors and senior management of the Company, including non-monetary interests, pension right and compensation amount (including compensation of loss or termination of duty or engagement);

(4) remuneration of non-executive directors of the Company; and

(5) the performance of Directors during their terms of office.

NOMINATION COMMITTEE

The Nomination Committee was established on 10 April 2012 and has 3 members, comprising Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen (all independent non-executive Directors). This committee is chaired by Mr. Zhou Ruijin.

The terms of reference of the Nomination Committee have been determined with reference to the GEM Listing Rules and the Code and are available on the websites of the Company and the Stock Exchange.

The function of the Nomination Committee is to make recommendations to the Board regarding the appointment of Directors and candidates to fill vacancies on the Board.

The Nomination Committee held 1 meeting during the year ended 31 December 2013. At the meeting, the Nomination Committee had reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, assessed the independence of the independent non-executive Directors and reviewed the qualifications of the proposed Directors to be re-elected at the annual general meeting of the Company.

CERTAIN AMENDMENTS TO THE CODE AND CORPORATE GOVERNANCE REPORT IN RELATION TO DIVERSIFICATION OF THE MEMBERS OF THE BOARD

The Stock Exchange issued certain amendments to the Code and corporate governance report contained in Appendix 15 to the GEM Listing Rules in relation to diversity of the members of the Board, effective on 1 September 2013. The amended Code provides that the Nomination Committee shall fully take into account the formation of the Board and relevant principles regarding appointment, re-election and dismission set out in the Code when performing their duties. In achieving the diversity of the members of the Board, the Board may consider various factors such as gender, age, cultural and educational background or professional experience. The terms of reference of the Nomination Committee had been amended to take into account its responsibilities to monitor the implementation of policy in relation to the diversity of the members of the Board. The amended terms of reference of the Nomination Committee had been uploaded to the website of the Stock Exchange and the Company on 5 August 2013.

The Group would organise trainings and internal workshops in respect of the diversity of the Board in order to ensure a thorough and complete understanding of the relevant requirement.

Furthermore, the Group has developed policies in relation to the diversity of the members of the Board and the summary of those policies is as follows:

(1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and

(2) the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy.

SENIOR MANAGEMENT'S REMUNERATION

The remuneration payment of the senior management of the Group excluding the Directors in the year ended 31 December 2013 falls within the following band:

	Number of individual
RMB100,000 to RMB150,000	3

The remuneration includes salaries and pension scheme contributions

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2013, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors regarding their financial reporting are set out in the independent auditor's report attached to the Company's financial statements for the year ended 31 December 2013.

INTERNAL CONTROLS

The Board conducts regular review and evaluation of the ongoing effectiveness and adequacy of the Group's internal control system covering all controls matters, including financial, operational, compliance and risk management controls. Appropriate measures and actions have been taken during the year ended 31 December 2013 on areas where rooms for improvement were identified.

AUDITOR'S REMUNERATION

For the year ended 31 December 2013, the fees paid/payable to the Company's external auditor, BDO Limited, for the audit service and non-audit services of appropriately RMB1,399,663 are set out as follows:

Services rendered	Fees paid/payable *(RMB)*
The audit of financial statements for the year ended 31 December 2013	856,484
The audit works rendered on the acquisition of Grand Rapids Mobile and Ju Liu Information by the Company	543,179

INVESTORS AND SHAREHOLDERS RELATIONS

The Company endeavours to develop and maintain continuing relationships and effective communications with its shareholders of the Company and investors. The Company has established a range of communication channels between itself and its shareholders, and investors. These include publication of annual, interim and quarterly reports, notices, announcements and circulars, and the Company's website at *www.brandingchinagroup.com.* Since the Listing Date and during the year ended 31 December 2013, there was no change in the memorandum of association and the articles of association of the Company.

The Board maintains an on-going dialogue with shareholders and the investment community, and will regularly review this policy to ensure its effectiveness. Information is communicated to shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be held, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Shareholders could direct their questions about their shareholdings to the Company's share registrar in Hong Kong, Tricor Investor Services Limited. The investment community may at any time make a request for the Company's information to the extent such information is publicly available and we would provide designated contacts, email addresses and hotline of the Company in order to enable them to make any query in respect of the Company.

The notice of general meetings shall be distributed to all shareholders prior to such meetings and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the GEM Listing Rules. The chairman of general meetings exercises his power under the articles of association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained prior to the polls being taken. Voting results are posted on the Company's website and the Stock Exchange's website on the day of such general meetings.

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitonist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders and potential investors are welcome to communicate with the Company by email at ir@brandingchinagroup.com or telephone at 0086 021 5466 7088. Shareholders may also put forward their written enquiries to the Board at No.54 Shaoxing Road, Huangpu District, Postal Code-200020 Shanghai, China (Attention: the Board of Directors).

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2013 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 3 to 45.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2013.

SUMMARY OF FINANCIAL INFORMATION

The summary of the results, assets and liabilities of the Group for the last four financial years is set out on page 2.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTION

Details of the movements in the Company's share capital during the year ended 31 December 2013 are set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2013 are set out in note 29 to the financial statements and the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company's reserves available for distribution amounted to approximately RMB186,800,880 as computed in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

MAJOR CLIENTS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major clients and suppliers were as follows:

(1) The aggregate amount of revenue attributable to the Group's five largest clients represented approximately 37.17% of the Groups total revenue. The amount of revenue from the Group's largest client represented approximately 11.57% of the Group's total revenue.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 35.60% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented approximately 8.62% of the Group's total purchases.

None of the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest clients and/or five largest suppliers.

DIRECTORS

The Directors during the year ended 31 December 2013 and up to the date of this announcement were as follows:

Executive Directors:

Mr. Fang Bin (方彬)
Ms. He Weiqi (賀維琪)
Mr. Song Yijun (宋義俊)

Non-executive Directors

Mr. Lin Kaiwen (林凱文) (resigned on 22 April 2013)
Mr. Fan Youyuan (范幼元)

Independent non-executive Directors:

Mr. Zhou Ruijin (周瑞金)
Mr. Lin Zhiming (林志明)
Ms. Hsu Wai Man, Helen (徐慧敏)

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed "Continuing Connected Transactions" in this announcement, no Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisting during the year ended 31 December 2013 or at 31 December 2013. Please refer to the paragraph headed "Continuing Connected Transactions" in this announcement for the particulars of the contract of significance between member of the Group and the controlling shareholder of the Company.

MANAGEMENT CONTRACTS

Save as the Structured Contracts (details of which are set out in the paragraph headed "Continuing Connected Transactions" below), no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2013.

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors are set out in note 9 to the audited consolidated financial statements in this announcement.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remuneration of the Directors is determined with reference to the economic situation, the market conditions, the responsibilities and duties assumed by each Director as well as their individual performance.

The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of which are set out in the paragraph headed "Share Option Schemes" below.

PENSION SCHEMES

The employees of the Group's subsidiaries which operate in the PRC participate in the central pension schemes operated by the local government. Particulars of these central pension schemes are set out in note 3(l) to the consolidated financial statements in this announcement.

NON-COMPETITION UNDERTAKING

In order to protect the Group's interest in its business activities, the Company, Lapta International Limited and Mr. Fang (the controlling shareholders of the Company), Shanghai Jingyi Cultural Media Company Limited (上海競藝文化傳播有限公司), and the executive Directors (namely Mr. Fang, Ms. He Weiqi and Mr. Song Yijun) (the "Covenantors"), entered into the deed of non-competition (the "Deed") on 10 April 2012. Under the terms of the Deed, each of the Covenantors, among others, has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of each of its subsidiaries for the time being) that with effect from the Listing Date and for so long as she/he/it remains as a Director and/or a controlling shareholder of the Company or during the period when the Shares remain listed on the Stock Exchange, except for transactions contemplated under agreements (if any) entered or to be entered into with the Group, that he/she/it will not, and will procure his/her/its associates (other than the Group) not to compete directly or indirectly with the businesses of the Group.

Details of the Deed have been set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus. The Company has received a written confirmation from each of the Covenantors in respect of its/his/her compliance with the terms of the Deed during the year ended 31 December 2013 up to the date of this announcement.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 10 April 2012.

1. Purpose

The purpose of the Share Option Scheme is to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group.

2. Participants

The Board are authorised, at their absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time and part-time), Directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group.

3. Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as at the Listing Date (i.e. a total of 20,000,000 Shares representing approximately 8.10% of the issued share capital of the Company as at the date of this announcement).

4. Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options (including both exercised and outstanding options) by any participant under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue of the Company.

5. Term of subscription of Shares upon exercise of Share Options

An option may be exercised by the grantee in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant and subject to the provisions of early termination thereof.

6. Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held and performance targets must be achieved before an option can be exercised.

7. Time of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer is made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

8. Basis of determining the subscription price

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares on the date of grant of the option.

9. Life of the Share Option Scheme

The Share Option Scheme became unconditional on the Listing Date and shall be valid for a period of ten years commencing on 10 April 2012, subject to the early termination provisions contained in the Share Option Scheme.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme does not exceed 30% of the shares in issue of the Company from time to time.

Up to the date of this announcement, no option under the Share Option Scheme has been granted by the Company.

THE INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2013, the interests and short positions of the directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules required to be notified to the Company and the Stock Exchange, are as follows:

Long positions in the Shares

	Number of Shares				
Name of director	**Personal interest**	**Family interest**	**Interest in controlled corporation**	**Total**	**Percentage of the issued share capital**
Mr. Fang Bin (方彬) *(note 1)*	–	–	112,500,000	112,500,000	45.58%
Mr. Fan Youyuan (范幼元) *(note 2)*	–	–	19,500,000	19,500,000	7.90%

Notes:

1. These Shares are owned by Lapta International Limited whose entire interests are beneficially owned by Mr. Fang. Accordingly, under the SFO, Mr. Fang is taken or deemed to be interested in the 112,500,000 Shares held by Lapta International Limited.

2. These Shares are owned by Whales Capital Holdings Limited which is wholly owned by Taocent International Holding Limited which is in turn wholly owned by Mr. Fan Youyuan. Accordingly, under the SFO, Mr. Fan Youyuan is taken or deemed to be interested in the 19,500,000 Shares held by Whales Capital Holdings Limited. On 7 January 2014, Whales Capital Holdings Limited transferred 4,800,000 Shares to a third party. Therefore, as at the date of this announcement, Mr. Fan Youyuan is taken or deemed to be interested in 14,700,000 Shares, representing approximately 5.96% of the issued share capital of the Company.

Save as disclosed above, as at 31 December 2013, none of the directors and Chief Executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, so far as the Directors are aware, without taking into account any Shares which will be issued pursuant to the options which may be granted under the Share Option Scheme, the interests or short positions owned by the following persons (other than the directors or Chief Executive of the Company) in the shares or underlying shares of the Company which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

Long positions in the Shares

Name	**Capacity**	**Number of Shares**	**Approximate percentage of the issued share capital**
Lapta International Limited	Beneficial owner	112,500,000	45.58%
Always Bright Enterprises Limited *(note1)*	Beneficial owner	46,810,194	18.97%
Mr. Huang Wei (黃維) *(note1)*	Interest in controlled corporation	46,810,194	18.97%
Ms. Yuan Yuan (袁媛) *(note1)*	Spouse's interest	46,810,194	18.97%
Whales Capital Holdings Limited *(note2)*	Beneficial owner	19,500,000	7.90%
Taocent International Holding Limited *(note2)*	Interest in controlled corporation	19,500,000	7.90%
Ms. Yin Rong (殷蓉) *(note2)*	Spouse's interest	19,500,000	7.90%
Jolly Win Management Limited *(note3)*	Beneficial owner	18,000,000	7.29%
Mr. Lin Kaiwen (林凱文) *(note3)*	Interest in controlled corporation	18,000,000	7.29%
Ms. Chen Suzhen (陳素珍) *(note3)*	Spouse's interest	18,000,000	7.29%

Notes:

1. Mr. Huang Wei beneficially owns the entire issued share capital of Always Bright Enterprises Limited, which in turn holds 46,810,194 Shares. For the purposes of the SFO, Mr. Huang Wei is deemed to be interested in all Shares held by Always Bright Enterprises Limited. Ms. Yuan Yuan is the spouse of Mr. Huang Wei. For the purposes of the SFO, Ms. Yuan Yuan is deemed or taken to be interested in all Shares in which Mr. Huang Wei is interested.

2. Mr. Fan Youyuan beneficially owns the entire issued share capital of Taocent International Holding Limited which in turn wholly owns Whales Capital Holdings Limited. As at 31 December 2013, Whales Capital Holdings Limited held 19,500,000 Shares of the Company. On 10 January 2014, Whales Capital Holdings Limited transferred 4,800,000 Shares to a third party. Therefore, as at the date of this announcement, Whales Capital Holdings Limited held 14,700,000 Shares, representing approximately 5.96% of the issued share capital of the Company. Ms. Yin Rong is the spouse of Mr. Fan Youyuan. For the purposes of SFO, Ms. Yin Rong is deemed or taken to be interested in all Shares in which Mr. Fan Youyuan is interested.

3. Mr. Lin Kaiwen beneficially owns the entire issued share capital of Jolly Win Management Limited, which in turn held 18,000,000 Shares as at 31 December 2013. On 12 February 2014, Jolly Win Management Limited transferred 4,500,000 Shares to a third party. Therefore, as at the date of this announcement, Jolly Win Management Limited held 13,500,000 Shares representing approximately 5.47% of the issued share capital of the Company. For the purposes of the SFO, Mr. Lin Kaiwen is deemed to be interested in all Shares held by Jolly Win Management Limited. Ms. Chen Suzhen is the spouse of Mr. Lin Kaiwen. For the purposes of the SFO, Ms. Chen Suzhen is deemed to or taken to be interested in all Shares in which Mr. Lin Kaiwen is interested.

Save as disclosed above and as 31 December 2013, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2013 and up to the date of this announcement, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As advised by the Company's compliance adviser, Anglo Chinese, none of Anglo Chinese, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Group as at 31 December 2013 pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2013.

AUDIT COMMITTEE

The Audit Committee together with the management have reviewed the accounting standards and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2013.

SIGNING OF STRATEGIC COOPERATION AGREEMENT

On 3 December 2013, the Company entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") with the School of Film and TV Arts & Technology, Shanghai University (上海大學影視藝術技術學院), pursuant to which the Company and School of Film and TV Arts & Technology, Shanghai University have agreed, on a mutual benefit basis, to establish a long-term and stable strategic partnership in respect of founding a new media and fans research center (新媒體與粉絲研究中心) and developing a new media and fans information platform (新媒體與粉絲資訊平台). Details of the Strategic Cooperation Agreement are set out in the announcement of the Company dated 3 December 2013. Details of the Strategic Cooperation Agreement are set out in the announcement of the Company dated 3 December 2013.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POTENTIAL INVESTMENT IN THE COMPANY

On 31 December 2013, the Company entered into a non-legally binding memorandum of understanding (the "Memorandum of Understanding") with Mr. Fang, Mr. Fan Youyuan ("Mr. Fan") and Huawen Media Investment Corporation (華聞傳媒投資集團股份有限公司) ("Huawen Media"). Under the Memorandum of Understanding, it is proposed that Huawen Media will purchase certain number of Shares from Mr. Fang and/or Mr. Fan (the "Potential Sale and Purchase"), and the Company will allot and issue certain number of Shares to Huawen Media (the "Potential Subscription"). Under the Memorandum of Understanding, Huawen Media shall hold not more than 25.02% of the total share capital of the Company after the completion of the Potential Sale and Purchase and the Potential Subscription. Details of the Potential Sale and Purchase and the Potential Subscription are set out in the announcement of the Company dated 31 December 2013. As at the date of this announcement, no binding agreement has been entered into regarding the Potential Sale and Purchase and the Potential Subscription.

MATERIAL ACQUISITION AND DISPOSAL

As disclosed in the paragraph headed "The Acquisition" above, on 19 April 2013, the Company entered into the Agreement with Always Bright Enterprises Limited (永光企業有限公司) and Mr. Huang Wei (黃維), pursuant to which the Company has agreed to acquire the entire issued share capital of Grand Rapids Mobile and subsequently the entire equity interests of Ju Liu Information at the total consideration of HK$200,045,371 (equivalent to RMB161,666,667), comprising the cash consideration in the total amount of HK$55,682,732 (equivalent to RMB45,000,000) and the issue and allotment of 46,810,194 shares by the Company to Always Bright Enterprises Limited (永光企業有限公司) at the issue price of HK$3.084 per Share. Grand Rapids Mobile is a company incorporated in the British Virgin Islands with limited liability holding the entire equity interest in Ju Liu Information through Grand Rapids Holdings (HK) Limited and Shanghai You Xiong Enterprises Management Consultancy Company Limited. Ju Liu Information is mainly engaged in wireless marketing businesses, including wireless advertising agency, wireless effect marketing and wireless advertising production, in the PRC. The Acquisition was completed in June. For further details of the Acquisition, please refer to the announcements of the Company dated 19 April 2013, 22 April 2013 and 5 June 2013 and the circular of the Company dated 20 May 2013.

The Group has implemented a set of measures to enhance information reporting and management of Ju Liu Information since the completion of the Acquisition, so as to ensure that the daily financial management, internal control and information disclosure of Ju Liu Information are in compliance with the requirements set out in the GEM Listing Rules and relevant regulations. Ju Liu Information closely adheres to such measures and completes the reporting forms on a monthly basis pursuant to the relevant standards, enabling the Group to exert full control over the important information and financial matters of Ju Liu Information.

The Group and Ju Liu Information share client resources and provide related services to the clients of each other to generate more business synergies. The Group fully capitalizes on the professional advantages of Ju Liu Information in various aspects of mobile advertising, such as marketing services, media integration and creative planning, so as to enhance its capabilities in digital marketing services. The Group achieves the diversification of clientele through the Acquisition and gains direct access to the service hubs of Ju Liu Information in Beijing, Guangzhou and Chengdu, thus speeding up the development of a national network for the Group's integrated marketing communication services.

RELATED PARTY TRANSACTIONS

The related party transactions of the Company during the year ended 31 December 2013 are set out in note 30 to the financial statements. The related party transactions in relation to the key management personnel remuneration as disclosed in Note 30(c) to the consolidated financial statements in this announcement include connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.31(6) of the GEM Listing Rules. Save as the aforesaid, the Directors consider that all other related party transactions disclosed in note 30 to the consolidated financial statements in this announcement did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, annual review, announcement, or independent shareholders' approval requirements under the GEM Listing Rules. As for the services income received/receivable from Shanghai Jingyi Cultural Media Company Limited (details of which are set out in sub-note (b) to note 30(a) to the consolidated financial statements), please refer to sub-paragraph 3 under the paragraph "Non-exempt Continuing Connected Transactions" below for further details. The Company confirmed that it has complied with all applicable reporting, annual review, announcement or independent shareholders' approval requirements in accordance with Chapter 20 of the GEM Listing Rules for all connected transactions and continuing connected transactions of the Group.

CONTINUING CONNECTED TRANSACTIONS

Non-exempt Continuing Connected Transactions

During the year under review, the following transactions carried out by the Group and the connected persons of the Company constituted continuing connected transactions of the Company under the GEM Listing Rules.

1. *Structured Contracts*

   For the reasons as disclosed in the section headed "Connected Transactions" in the Prospectus, a series of structured contracts (the "Structured Contracts") that were designed to provide Shanghai SumZone Enterprise Management Consultancy Company Limited ("Shanghai SumZone Enterprise"), a wholly-owned subsidiary of the Company, with effective control over the financial and operational policies of Shanghai SumZone Media Investment Management Company Limited ("SMU") and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interests in SMU were entered into between or amongst SMU, Shanghai SumZone Enterprise, Mr. Fang or Century Linker (Hong Kong) Limited ("Century Linker"), a wholly-owned subsidiary of the Company. As Mr. Fang is a substantial shareholder of the Company and an executive Director and therefore a connected person of the Company, and both SMU and Shanghai SumZone Enterprise are controlled by Mr. Fang, the transactions contemplated under the Structured Contracts constitute continuing connected transactions under the GEM Listing Rules.

   The Structured Contracts comprise five agreements, details of which are set out below:

   (a) The exclusive consulting and service agreement dated 1 June 2011 entered into between Shanghai SumZone Enterprise and SMU, pursuant to which Shanghai SumZone Enterprise shall, on an exclusive basis, provide consulting and other supporting services to SMU. In consideration of the provision of the aforesaid services provided by Shanghai SumZone Enterprise to SMU, SMU has agreed to pay to Shanghai SumZone Enterprise service fee on an annual basis. Service fee payable to Shanghai SumZone Enterprise will be equivalent to the audited revenue before income tax expenses after deducting, amongst other things, all the necessary costs, expenses and business tax expenses incurred from the business operation of SMU. Nevertheless, Shanghai SumZone Enterprise is entitled to adjust the basis of service fee according to the scale of service provided to SMU. The exclusive consulting and service agreement has become effective on 1 June 2011 and shall continue to be in full force and effect until it is terminated by Shanghai SumZone Enterprise by giving SMU a 30 days' prior written notice of termination. SMU shall have no right to terminate the exclusive consulting and service agreement in any event.

(b) The share pledge agreement dated 1 June 2011 entered into between Shanghai SumZone Enterprise and Mr. Fang, pursuant to which Mr. Fang agreed to pledge his entire equity interests in SMU to Shanghai SumZone Enterprise to secure the fees and other payables that SMU might be liable to pay to Shanghai SumZone Enterprise under the exclusive consulting and service agreement from time to time. Pursuant to the share pledge agreement, Mr. Fang has undertaken to Shanghai SumZone Enterprise, among other things, not to transfer the interest in his shares in SMU (save and except transfers of shares to Century Linker and/or other designated persons) and not to create or allow any pledge thereon that may affect the rights and interest of Shanghai SumZone Enterprise without the prior written consent from Shanghai SumZone Enterprise. The share pledge agreement shall remain in full force and effect until the termination of the exclusive consulting and service agreement and the discharge of all SMU's obligations under the exclusive consulting and service agreement.

(c) The exclusive business operating agreement dated 1 June 2011 entered into amongst Shanghai SumZone Enterprise, SMU and Mr. Fang, pursuant to which (a) at the request of SMU and on condition that SMU has complied with the terms of the exclusive business operating agreement, Shanghai SumZone Enterprise may (but was not obliged to) act as a guarantor for SMU in its business-related agreements or transactions; (b) as a counter-guarantee, SMU agreed to pledge its trade receivables and all its assets to Shanghai SumZone Enterprise; (c) SMU should not, without the written approval of Shanghai SumZone Enterprise, enter into any transaction which might affect its assets, rights, obligations or operations; and (d) SMU should appoint a candidate nominated by Shanghai SumZone Enterprise as director(s) of SMU, and SMU should appoint a candidate nominated by Shanghai SumZone Enterprise to be a member of the senior management of SMU. In addition to the aforesaid, Mr. Fang shall transfer all distributable dividends, capital dividend and other asset receivable by him at nil consideration to Shanghai SumZone Enterprise as soon as practicable but in any event no later than three days upon receipt of the same by Mr. Fang. The exclusive business operating agreement shall remain in full force and effect until it is terminated by Shanghai SumZone Enterprise by giving each of SMU and Mr. Fang a 30 days' prior written notice of termination, Shanghai SumZone Enterprise is also entitled to but not obliged to terminate all agreements between itself and SMU if any agreement entered into between them is terminated or expired.

(d) The exclusive option agreement dated 1 June 2011 entered into among Century Linker, Mr. Fang and SMU, pursuant to which Mr. Fang, being the sole equity holder of SMU, agreed to grant an irrevocable option to Century Linker to acquire from him all or any of the equity interests he held in SMU, on condition that such acquisition should comply with the PRC laws and regulations, at nil consideration or at nominal price if permissible under the PRC law and regulations. Otherwise, the consideration will be determined by the parties with reference to the valuation of SMU at the time of transfer. The exclusive option agreement shall continue to be in full force and effect until the transfer of all the equity interests in SMU by Mr. Fang to Century Linker or a transferee as designated by Century Linker (based on the date of registration of such transfer) or otherwise terminated by Century Linker unilaterally by written confirmation.

(e) The irrevocable power of attorney dated 1 June 2011 was executed by Mr. Fang. The irrevocable power of attorney enables Shanghai SumZone Enterprise to exercise all the powers of the shareholder of SMU through the chairman of its board of directors, and shall be in full force and effect during the term of the Structured Contracts.

Pursuant to Rule 20.42(3) of the GEM Listing Rules, the Company applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver from strict compliance with (i) announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules in respect of the transactions contemplated under the Structured Contracts; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to Shanghai SumZone Enterprise under the Structured Contracts; and (iii) the requirement of limiting the term of the Structured Contracts to three years or less, for so long as the Shares are listed on the Stock Exchange subject to certain conditions as set out in the section headed "Connected Transactions" in the Prospectus.

2. *The SumZone Advertising Agreement and the SumZone Marketing Agreement*

On the basis of the Structured Contracts and with a view to transferring the Group's Unrestricted Businesses (as defined in the Prospectus) to Shanghai SumZone Advertising Company Limited ("SumZone Advertising") and Shanghai SumZone Marketing Company Limited ("SumZone Marketing") in pursuance of the Group's long term strategic plans, SMU entered into the following agreements with SumZone Advertising and SumZone Marketing:

(a) An advertising agency agreement dated 1 September 2011 as supplemented by two supplemental agreements dated 21 November 2011 and 26 March 2012 respectively (together referred to as the "SumZone Advertising Agreement") entered into between SumZone Advertising and SMU in relation to, amongst other things, the transfer of advertising agency business derived from traditional media from SMU to SumZone Advertising and/or any other PRC subsidiaries of Shanghai SumZone Enterprise. The SumZone Advertising Agreement took effect from 1 September 2011 until the date of termination of the Structured Contracts, and during which, SMU has authorised SumZone Advertising as its exclusive advertising agency in relation to traditional media currently operated or to be operated by SMU. During the term of the SumZone Advertising Agreement, SumZone Advertising shall pay to SMU, on an annual basis, service charges which are equivalent to the operating costs of traditional media operated or to be operated by SMU. At the same time, SumZone Advertising will be entitled to the advertising income of the traditional media operated or to be operated by SMU (including the SMU publications) under the SumZone Advertising Agreement.

    SumZone Advertising paid to SMU annual service charges of RMB4,687,870 for the operating costs of traditional media operated by SMU for the year ended 31 December 2013.

(b) An advertising agency agreement dated 1 September 2011 as supplemented by two supplemental agreements dated 21 November 2011 and 26 March 2012 respectively (together referred to as the "SumZone Marketing Agreement") entered into between SumZone Marketing and SMU in relation to, amongst other things, the transfer of advertising agency business derived from digital media from SMU to SumZone Marketing and/or any other PRC subsidiaries of Shanghai SumZone Enterprise. The SumZone Marketing Agreement took effect from 1 September 2011 until the date of termination of the Structured Contracts. Pursuant to the SumZone Marketing Agreement, SMU has authorised SumZone Marketing as its exclusive agency in relation to digital media operated by SMU currently (namely *www.cnnauto.com*) and in future. During the term of the SumZone Marketing Agreement, SumZone Marketing shall pay to SMU, on an annual basis, service charges which are equivalent to the operating costs of *www.cnnauto.com* or other digital media operated or to be operated by SMU. At the same time, SumZone Marketing will be entitled to the advertising income of *www.cnnauto.com* or other digital media operated or to be operated by SMU under the SumZone Marketing Agreement.

    SumZone Marketing paid to SMU annual service charges of RMB12,670,338 for the operating costs of digital media operated by SMU for the year ended 31 December 2013.

The Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules in respect of the transactions contemplated under each of the SumZone Advertising Agreement and the SumZone Marketing Agreement; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual caps) for the service charges payable to SMU and the advertising income payable to SumZone Advertising and SumZone Marketing under the SumZone Advertising Agreement and the SumZone Marketing Agreement respectively; and (iii) the requirement of limiting the term of each of the SumZone Advertising Agreement and the SumZone Marketing Agreement to three years or less, for so long as the Shares are listed on the Stock Exchange subject to the conditions, where appropriate, applicable to the transactions contemplated under the Structured Contracts set out above.

3. *The Advertising Agency Agreement and the PR and Event Cooperation Agreement*

(a) An advertising agency agreement dated 1 September 2011, as supplemented by a supplemental agreement dated 26 March 2012 (together referred to as the "Advertising Agency Agreement") entered into amongst SMU, SumZone Advertising and Shanghai Jingyi Cultural Media Company Limited ("Jingyi"), pursuant to which SumZone Advertising, which is the exclusive advertising agent of traditional media currently operated or to be operated in future by SMU, had granted Jingyi the rights to be its non-exclusive advertising agent in the home fashion industry for selling advertising space in such traditional media. In granting the advertising agency rights to Jingyi, SumZone Advertising will receive advertising income from Jingyi in respect of the advertisements placed by Jingyi on behalf of its clients. The Advertising Agency Agreement was entered into for a period commencing on 1 January 2012 and ending on 31 December 2014 at the annual agency income caps (the "Advertising Agency Income Caps") in the amount of RMB15 million, RMB18.2 million and 21.3 million for the three years ended 31 December 2012, 2013 and 2014 respectively.

SumZone Advertising received agency income of RMB3,600,000 from Jingyi for the placement of advertisements in traditional media operated by SMU for the year ended 31 December 2013.

(b) A PR and event marketing cooperation framework agreement dated 1 September 2011 entered into between SMU and Jingyi, as supplemented by two supplemental agreements dated 21 November 2011 and 26 March 2012 entered into between SMU, Jingyi and SumZone Marketing (together referred to as "PR and Event Cooperation Agreement"), pursuant to which Jingyi, as a strategic partner of SMU, will cooperate with SMU to provide PR and/or event marketing services including but not limited to press releases, product roadshows, forums, conventions and exhibitions, and celebration activities to clients represented or referred by Jingyi. The supplemental agreement dated 21 November 2011 was entered into whereby all rights, benefits, obligations and liabilities in relation to event marketing business of SMU under the PR and Event Cooperation Agreement are assumed by SumZone Marketing, as part of the Group's plan regarding the transfer of, amongst other businesses, the event marketing business. SMU will continue to provide PR services, which are a type of restricted businesses, to clients recommended or referred by Jingyi while SumZone Marketing will provide event marketing services, which are a type of the Unrestricted Businesses (as defined in the Prospectus), to such clients after the date of the supplemental agreement. The PR and Event Cooperation Agreement was entered into for a period commencing on 1 January 2012 and ending on 31 December 2014 at the annual PR and event income caps (the "PR and Event Agency Income Caps") in the amount of RMB4.5 million, RMB5 million and RMB5.5 million for the three years ended 31 December 2012, 2013 and 2014 respectively.

SMU and SumZone Marketing did not receive any agency income from Jingyi for the provision of PR and event marketing services for the year ended 31 December 2013.

As Jingyi was owned as to 30% by Mr. Fang, Jingyi was a connected person of the Company within the meaning of the GEM Listing Rules. Accordingly, the transactions under each of the Advertising Agency Agreement and the PR and Event Cooperation Agreement constituted continuing connected transactions under the GEM Listing Rules and subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 20.34 of the GEM Listing Rules. The Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver from strict compliance with the announcement and independent Shareholders' approval requirements in respect of the continuing connected transactions contemplated under each of the Advertising Agency Agreement and the PR and Event Cooperation Agreement, subject to the annual value of the above continuing connected transactions not exceeding the respective annual income caps contemplated thereunder.

The Advertising Agency Agreement and the PR and Event Cooperation Agreement were entered into for a period commencing on 1 January 2012 and ending on 31 December 2014. On 5 January 2013, the Company announced that Mr. Fang had transferred all his 30% equity interest in Jingyi to Ms. Luo Zhong (the "Jingyi Equity Transfer"), an independent third party, with a view to diverting more energy to the development of the Company's business and reducing the compliance costs of the Company. The Board was informed by Jingyi on 5 January 2013 that the Jingyi Equity Transfer took effect from 28 December 2012, being the date of the new business licence of Jingyi issued by Shanghai Municipal Industry & Commerce Administration Qingpu Branch to Jingyi. Accordingly, Jingyi has ceased to be an associate of Mr. Fang and hence a connected person of the Company under the GEM Listing Rules. Both the Advertising Agency Agreement and the PR and Event Cooperation Agreement will remain effective after the Jingyi Equity Transfer. As such, the transactions under the Advertising Agency Agreement and the PR and Event Cooperation Agreement are still subject to (including but not limited to) the relevant Advertising Agency Income Caps and PR and Event Agency Income Caps for each of the years ended 31 December 2012, 2013 and 2014. The other transactions to be carried out between the Company and Jingyi going forward will however not be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Since the Advertising Agency Agreement and the PR and Event Cooperation Agreement will remain effective after the Jingyi Equity Transfer, the Board believes that the Jingyi Equity Transfer will have no material adverse effect on the business operations and financial condition of the Company.

Confirmation of independent non-executive Directors

The independent non-executive Directors have reviewed the Structured Contracts, the SumZone Advertising Agreement, the SumZone Marketing Agreement, the Advertising Agency Agreement and the PR and Event Cooperation Agreement (collectively referred to as the "Continuing Connected Transactions") and confirmed that during the year ended 31 December 2013:

(i) the transactions under the Structured Contracts were carried out in accordance with the relevant provisions of the Structured Contracts so that the revenue generated by SMU has been mainly retained by the Group;

(ii) no dividends or other distributions have been made by SMU to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;

(iii) the terms of the Structured Contracts are fair and reasonable so far as the Company is concerned and in the interests of the Shareholders as a whole;

(iv) the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Company;

(v) the Continuing Connected Transactions are on normal commercial terms or, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(vi) the Continuing Connected Transactions have been entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Please refer to the Prospectus for further details of the Continuing Connected Transactions.

Confirmation of auditors of the Company

BDO Limited, the Company's auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. BDO Limited has issued its letter containing its findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 20.38 of the GEM Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

TRANSFER OF BUSINESS

The business of SMU involves Restricted Businesses (as defined in the Prospectus and this prevents SMU from being consolidated into the Group directly. On the basis of the Structured Contract and having consulted the Group's PRC legal advisors, the Group is of the view that the operation of the SMU Publications and www.cnnauto.com, the Group's relevant advertising business relating to content design and production as well as its PR (including EPR) business are Restricted Businesses and they should continue to be operated by SMU after the listing of the Shares on GEM. On the other hand, the Group's advertising agency business, such as the SMU Publications, www. cnnauto.com and other advertising media channels and event marketing business are Unrestricted Businesses and they are being and will be transferred to SumZone Advertising, SumZone Marketing or any PRC subsidiaries of Shanghai SumZone Enterprise pursuant to the Group's long-term strategic plans. As part of the business transfer process which has commenced in early September 2011, SumZone Advertising and SumZone Marketing have entered into business contracts with all the Group's newly developed clients relating to its Unrestricted Businesses. As at 31 December 2013, the Group has not completed the transfer of the relevant legal rights of the trademarks in the PRC from SMU to Shanghai SumZone Enterprise. The application of trademarks transfer of the Group has been accepted by the Trademark Office under the State Administration for industry and commerce, and the Group has received an acceptance notice by the Trademark Office. Save for this, the Group has completed the transfer of all the Unrestricted Businesses of SMU to SumZone Advertising and SumZone Marketing.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed Public Float under the GEM Listing Rules since the Listing Date and up to the date of this announcement.

AUDITOR

BDO Limited has been appointed by the Directors as the first auditor of the Company since the Listing Date. BDO Limited will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 December 2013 have been audited by BDO Limited.

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

The People's Republic of China, 20 March 2014

As at the date of this announcement, the executive Directors are Mr. Fang Bin, Ms. He Weiqi and Mr. Song Yijun; the non-executive Director is Mr. Fan Youyuan; and the independent non-executive Directors are Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen.

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 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 Stock Exchange website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company's website at www.brandingchinagroup.com.