CHINA RAILSMEDIA CORPORATION LIMITED

中國鐵聯傳媒有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 745)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The Board of Directors (the "Board") of China Railsmedia Corporation Limited (the "Company") now announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2013, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	**2013 HK$'000**	2012 HK$'000
Turnover	*4*	**6,677**	28,754
Cost of sales		**(5,866)**	(28,492)
Gross profit		**811**	262
Other revenue	*4*	**751**	6,389
Other income	*5*	**29,041**	31
Administrative expenses		**(10,551)**	(16,755)
Gain on disposal of subsidiaries		**25,930**	1,592
Impairment loss in respect of goodwill		**(92,651)**	(13,329)
Impairment loss in respect of available-for-sale financial asset		**(26,375)**	–
Impairment loss in respect of accounts receivables		**–**	(92)
Impairment loss in respect of other receivables		**–**	(22,200)
Impairment loss in respect of interest in a jointly controlled entity		**–**	(2)
Loss from operating activities	*5*	**(73,044)**	(44,104)
Finance costs	*6*	**(17,793)**	(1,046)
Loss before taxation		**(90,837)**	(45,150)
Taxation	*7*	**(78)**	(329)
Loss for the year		**(90,915)**	(45,479)

* *For identification purposes only*

	Notes	2013 HK$'000	2012 HK$'000
Other comprehensive (loss)/income for the year, net of income tax			
Exchange differences on translating foreign operations		**373**	2,117
Reclassification adjustments relating to foreign operations disposed during the year		**(2,465)**	–
Other comprehensive (loss)/income for the year, net of income tax		**(2,092)**	2,117
Total comprehensive loss for the year		**(93,007)**	(43,362)
Loss attributable to:			
– Owners of the Company		**(89,881)**	(41,150)
– Non-controlling interests		**(1,034)**	(4,329)
		(90,915)	(45,479)
Total comprehensive loss attributable to:			
– Owners of the Company		**(91,981)**	(39,994)
– Non-controlling interests		**(1,026)**	(3,368)
		(93,007)	(43,362)
Loss per share			
– Basic and diluted	*9*	**(HK1.01 cents)**	(HK2.32 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**577**	2,269
Goodwill		**570,507**	663,158
Available-for-sale financial asset		**165**	26,540
		571,249	691,967
Current assets			
Accounts receivable	*10*	**2,028**	3,107
Prepayments, deposits and other receivables		**10,908**	18,408
Cash and cash equivalents		**2,501**	11,614
		15,437	33,129
Total assets		**586,686**	725,096
EQUITY			
Capital and reserves			
Share capital			
– Ordinary shares		**31,238**	18,638
– Non-voting convertible preference shares		**401,800**	490,000
Reserves		**(74,456)**	(59,925)
Equity attributable to owners of the Company		**358,582**	448,713
Non-controlling interests		**–**	19,882
Total equity		**358,582**	468,595

	Notes	2013 HK$'000	2012 HK$'000
LIABILITIES			
Non-current liabilities			
Loans from shareholders		**40,722**	41,240
Promissory notes		**173,158**	188,830
		213,880	230,070
Current liabilities			
Loans from shareholders		**400**	3,280
Accounts payable	*11*	**2,007**	4,850
Other payables and accruals		**11,817**	18,185
Tax payable		**–**	116
		14,224	26,431
Total liabilities		**228,104**	256,501
Total equity and liabilities		**586,686**	725,096
Net current assets		**1,213**	6,698
Total assets less current liabilities		**572,462**	698,665

NOTES:

1. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has adopted all the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods on or after 1 April 2012.

HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The directors anticipate that the application of these new and revised HKFRSs has no material impact on the results and the financial position of the Group.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements 2009 – 2011 Cycle[2]
HKFRS 1 (Amendments)	Government Loan[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 9 & HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 10, HKFRS 11 & HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKAS 1 (Amendments)	Presentation of Items in Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HK(IFRIC) – Int 21	Levies[3]

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The directors anticipate that the application of these five standards will have no impact on the Group's consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad: it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKAS 19 Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. The directors anticipate that the application of this revised standard will have no impact on the Group's financial statements.

Amendments to HKAS 1 Presentation of Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The *Annual Improvements to HKFRSs 2009 – 2011 Cycle* include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- Amendments to HKAS 1 Presentation of Financial Statements;

- Amendments to HKAS 16 Property, Plant and Equipment; and

- Amendments to HKAS 32 Financial Instruments: Presentation

HKAS 1 (Amendments)

The amendments to HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believe to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the annual report. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The Group incurred a net loss of approximately HK$90,915,000 for the year ended 31 March 2013 and accumulated losses of approximately HK$295,274,000 as at 31 March 2013. In addition, the Group recorded negative operating cash flows and significant deterioration in the value of assets used to generate cash flows during the year ended 31 March 2013. Notwithstanding the above situations, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the outcome of the arbitration and recoverability of the other receivables as stated below in Note 25 to the annual report and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The consolidated financial statements do not include any adjustments that would result from the Group failing to recover the other receivables or the failure in the measures undertaken by the Group in satisfying the working capital needs and improving the liquidity position. If the other receivables were not to be recovered or there was a failure as to the successful outcome of aforementioned measures, adjustments would have to be made to the consolidated financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

On 22 April 2013, the Company entered into the a share placing agreement to place a maximum 150,000,000 shares to not less than 6 independent placees at the placing price of HK$0.34 per placing shares. The share placement has already been completed on 4 June 2013. 88,200,000 placing shares have been successfully placed. The net proceeds from the placement is approximately HK$29,000,000. The Group plans to use approximately between 70% to 80% for the repayment of debts and the balance as general working capital of the Group.

Moreover, the Group entered into an agreement with the major shareholder, Rich Place Investment Limited ("Rich Place"), who has confirmed that it will not demand repayment of the amount due of approximately HK$40,722,000 within the next twelve months from the end of the reporting period. In addition, Rich Place has also agreed to provide continuing financial support to the Group. As such, the directors are confident that the Group's future operations will be successful and able to generate sufficient cash flows in order to meet its obligations as they fall due over the next twelve months. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. Segment information

For the purposes of resources allocation and performance assessment, information reported to the chief operating decision maker of the Company, specifically focuses on the performance of building construction, renovation, repairs and maintenance and advertising services. The Group's operating and reportable segments are therefore as follows:

(a) the building construction segment engages in construction and foundation contract works as a main contractor or subcontractor for building construction in the private and public sectors;

(b) the renovation, repairs and maintenance segment engages in site formation, civil engineering works, repairs, maintenance, renovation and fitting out works in the private and public sectors; and

(c) the advertising segment engages in advertising services together with (i) the provision of rail transit value-added services through LCD displays located at the ticketing offices of each station in the PRC which is ceased during the year ended 31 March 2013; and (ii) the provision of advertising and value added services through mobile devices and digital media network of LCD and flat panel screens in retail chain network in Hong Kong.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

	Building construction		Renovation, repairs and maintenance		Advertising		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Contract revenue from external customers	**–**	3,060	**–**	24,399	**6,677**	1,295	**6,677**	28,754
Segment results	**–**	(4,598)	**–**	2,122	**811**	(19,554)	**811**	(22,030)
Interest income							**–**	12
Unallocated gains							**29,792**	6,408
Gain on disposal of subsidiaries							**25,930**	1,592
Impairment loss in respect of goodwill							**(92,651)**	(13,329)
Impairment loss in respect of available-for-sale financial asset							**(26,375)**	–
Impairment loss in respect of interest in a jointly controlled entity							**–**	(2)
Central administration costs							**(10,551)**	(16,755)
Loss from operating activities							**(73,044)**	(44,104)
Finance costs							**(17,793)**	(1,046)
Loss before taxation							**(90,837)**	(45,150)
Taxation							**(78)**	(329)
Loss for the year							**(90,915)**	(45,479)

There were no inter-segment sales during the year (2012: Nil). Segment profit/(loss) represents the profit/(loss) earned without allocation of central administration costs including directors' salaries, investment and other income, gain on disposal of subsidiaries, gain on early extinguishment of promissory notes, impairment loss in respect of goodwill, impairment loss in respect of available-for-sale financial asset, impairment loss in respect of interest in a jointly controlled entity, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	Building construction		Renovation, repairs and maintenance		Advertising		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	11,118	11,265	71	2,405	573,328	668,883	584,517	682,553
Unallocated assets							2,169	42,543
							586,686	725,096
Segment liabilities	6,236	2,248	2,058	1,445	179,030	196,787	187,324	200,480
Unallocated liabilities							40,780	56,021
							228,104	256,501

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than available-for-sale financial asset and unallocated head office and corporate assets.

- all liabilities are allocated to reportable segments other than current tax liabilities, loans from shareholders and unallocated head office and corporate liabilities.

Other segment information

	Building construction		Renovation, repairs and maintenance		Advertising		Unallocated		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Depreciation	5	–	16	–	1,106	2,077	122	117	1,249	2,194
Additions to non-current assets	–	–	4	–	35	–	–	350	39	350
Impairment loss in respect of accounts receivable	–	–	–	–	–	92	–	–	–	92
Impairment loss in respect of other receivables	–	4,673	–	–	–	17,527	–	–	–	22,200
Impairment loss in respect of goodwill	–	–	–	–	92,651	13,329	–	–	92,651	13,329
Impairment loss in respect of available-for-sale financial asset	–	–	–	–	–	–	26,375	–	26,375	–
Impairment loss in respect of interest in a jointly controlled entity	–	–	–	–	–	–	–	2	–	2

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the PRC.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Hong Kong		The PRC		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**6,419**	13,276	**258**	15,478	**6,677**	28,754
Non-current assets*	**571,042**	663,829	**42**	1,598	**571,084**	665,427

* *Non-current assets excluding available-for-sale financial asset.*

Revenue from its major services

The Group's revenue from its major services was as follows:

	2013	2012
	HK$'000	HK$'000
Building construction	**–**	3,060
Renovation, repairs and maintenance	**–**	24,399
Advertising	**6,677**	1,295
	6,677	28,754

Information about major customer

During the year ended 31 March 2012, includes in revenues arising from provision of renovation, repairs and maintenance services of approximately HK$24,399,000 are revenues of approximately HK$13,218,000 which arose from sales to the Group's largest customer.

During the year ended 31 March 2012, includes in revenues arising from provision of building construction services, approximately HK$3,060,000 are revenues arose from a single customer who contributed 10% or more to the Group's revenue.

There was no revenue generated from the above two segments for the year ended 31 March 2013.

During the year ended 31 March 2013, includes in revenue arising from provision of advertising services, approximately HK$900,000 (2012: Nil) are revenue arose from a single customer who contributed 10% or more to the Group's revenue.

No other single customers contributed 10% or more to the Group's revenue for both 2013 and 2012.

4. Turnover and other revenue

Turnover represents the appropriate proportion of contract revenue of construction contracts, renovation, repairs and maintenance and advertising income.

An analysis of turnover and other revenue is as follows:

	2013	2012
	HK$'000	HK$'000
Turnover:		
Contract revenue	**–**	27,459
Advertising income	**6,677**	1,295
	6,677	28,754
Other revenue:		
Bank interest income	**–**	1
Other interest income	**–**	11
Construction claim received	**751**	–
Refund of legal and professional fees	**–**	5,776
Sundry income	**–**	601
	751	6,389

5. Loss from operating activities

The Group's loss from operating activities is arrived at after charging/(crediting):

	2013	2012
	HK$'000	HK$'000
Auditors' remuneration	**580**	580
Depreciation	**1,249**	2,194
Less: Amounts classified as cost of sales	**(433)**	(1,924)
	816	270
Impairment loss in respect of available-for-sale financial asset	**26,375**	–
Impairment loss in respect of accounts receivable	**–**	92
Impairment loss in respect of other receivables	**–**	22,200
Impairment loss in respect of goodwill	**92,651**	13,329
Impairment loss in respect of interest in a jointly controlled entity	**–**	2
Staff costs (excluding directors' remuneration)		
– wages and salaries	**2,076**	3,976
– pension scheme contributions	**117**	179
	2,193	4,155
Less: Amounts of staff costs classified as costs	**–**	(816)
	2,193	3,339
Minimum lease payments under operating leases:		
– Land and buildings	**107**	107
Legal and professional fees	**1,625**	6,314
Loss on disposal of property, plent and equipment	**4**	–
Exchange loss, net	**389**	1,187
and after crediting:		
Other income:		
Gain on disposal of property, plant and equipment	**–**	31
Gain on early extinguishment of promissory notes	**29,041**	–
	29,041	31

6. Finance costs

	2013 HK$'000	2012 HK$'000
Interest on amount due to a related party	**95**	172
Imputed interest on promissory notes wholly repayable within five years	**17,698**	874
	17,793	1,046

7. Taxation

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the year ended 31 March 2013 (2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2013 HK$'000	2012 HK$'000
Under provision in prior years:		
– Hong Kong profits tax	**78**	329

8. Dividends

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

9. Loss per share attributable to owners of the Company

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2013 HK$'000	2012 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share	**(89,881)**	(41,150)

	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**8,863,830**	1,773,693

Diluted loss per share for the years ended 31 March 2013 and 2012 were the same as basic loss per share as there was no dilutive potential ordinary share.

10. Accounts receivable

	2013	2012
	HK$'000	HK$'000
Within 30 days	**393**	2,554
31 – 90 days	**490**	–
91 – 180 days	**375**	–
Over 180 days	**770**	645
	2,028	3,199
Less: Impairment loss in respect of accounts receivable	**–**	(92)
	2,028	3,107

Interim applications for progress payments for contract works are normally made on a monthly basis. The Group allows an average credit period of 60 days to its contract customers and 180 days for advertising customers. For retention money receivables in respect of contract works, the due dates are usually not more than three months after the issue of statements of the final accounts of the contract works. As at 31 March 2013 and 2012, no retentions held by customers for contract work were included in accounts receivable.

11. Accounts payable

An aged analysis of the accounts payable as at the end of the reporting period, is as follows:

	2013	2012
	HK$'000	HK$'000
Within 30 days	**255**	4,150
31 – 90 days	**375**	–
91 – 180 days	**59**	–
Over 180 days	**1,318**	700
	2,007	4,850

As at 31 March 2013 and 2012, no retentions payable are included in accounts payable under current liabilities.

12. Contingent liabilities

(a) On 7 August 2002, a High Court action had commenced by a subcontractor against a subsidiary of the Company in respect of (i) a claim of subcontracting fees and material costs of approximately HK$31,300,000; and (ii) a compensation claim of approximately HK$191,200,000 for the improper termination of a subcontracting contract. On 13 September 2002, an agreement was reached between the subsidiary of the Group and the subcontractor that the High Court action was withdrawn and all the disputes between the parties relating to this action were referred to arbitration. In the statement of claim for the arbitration, the subcontractor revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$42,600,000 and HK$84,400,000, respectively. On 9 July 2005, a writ of summons was issued and the proceedings were transferred to the Court of First Instance. The subcontractor further revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$56,000,000 and HK$278,100,000 respectively.

As at the date of approval of these consolidated financial statements, no decision had been made in the arbitration and court proceedings. In the opinion of the directors, based on legal advice, the subsidiary of the Company has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

(b) On 26 July 2005, a High Court action was commenced by a subcontracted party of a subcontractor of the Group (the "Subcontracted Party") against a subsidiary of the Company and the subcontractor, which is in liquidation, in respect of a claim of subcontracting fees and material costs of approximately HK$20,500,000 relating to a maintenance term contract. On 25 April 2006, the Subcontracted Party substantially revised its statement of claim and the total amount of claim was revised to approximately HK$14,241,000.

In the opinion of the directors, based on legal advice, the subsidiary of the Company has valid defences against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

(c) On 26 October 2010, a subsidiary of the Company received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Company in respect of the construction project at No. 60 Victoria Road project. The amount of claim was approximately HK$204,000 and no counterclaim at present. On 4 January 2012, the arbitrator ordered that the amount of recoverable legal costs should be limited at the sum of HK$310,000.

As at the date of approval of these consolidated financial statements, no decision has been made in the arbitration. In the opinion of the directors, based on legal advice, since the amount of resulting liabilities would not have any probable material adverse impact on the Group's financial position, therefore, no provision in respect of such claims was made in the consolidated financial statements.

EXTRACT FROM AUDITORS' REPORT

Basis for Disclaimer of Opinion

Material uncertainty and inability to obtain sufficient appropriate audit evidence relating to recoverability of other receivable and arbitration

As described in Note 25 to the consolidated financial statements, the Group commenced arbitration against a subcontractor (the "Case") to recover the other receivables of the Group in the amount of approximately HK$10,400,000 (the "Receivable"). The Case is in respect of costs incurred on behalf of the subcontractor arising from execution of a civil engineering works contract in Hong Kong. Although the directors of the Company, after consultation with their legal advisors, are of the view that the Group has valid grounds to recover the Receivable, the outcome of such arbitration cannot be determined as at the date of approval of these consolidated financial statements.

As a result of the uncertainty of the timing and the outcome of the Case, we are unable to ascertain as to how much and when the Receivable would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the Receivable. Any adjustments to the carrying value of the Receivable that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2013 and the loss of the Group for the year then ended.

Scope limitation – Goodwill

As disclosed in Notes 18 and 19 to the consolidated financial statements, an impairment review of the Group's cash-generating unit of advertising at mobile devices and retail chain network (the "Cash-Generating Unit") has been performed by the directors of the Company (the "Impairment Review"). As a result of the review, an impairment loss on goodwill of approximately HK$92,651,000 has been recognised in the consolidated financial statements. We were unable to obtain sufficient appropriate audit evidence to carry out the audit procedures required by Hong Kong Standard on Auditing 500 "Audit Evidence" ("HKSA 500") issued by the Hong Kong Institute of Certified Public Accountant, to satisfy ourselves the appropriateness of the Impairment Review as audit evidence for the relevant assertions, which include (i) the relevance and reasonableness of the conclusions; (ii) the relevance and reasonableness of assumptions used in the Impairment Review; and (iii) the relevance, completeness and accuracy of source data used in the Impairment Review. Accordingly, we have not been able to determine whether the recognition of impairment loss on goodwill of approximately HK$92,651,000 in the consolidated financial statements is appropriate or adequate; whether the carrying amounts of the assets of the Cash-Generating Unit, including the remaining goodwill of approximately HK$570,507,000 and the property, plant and equipment of approximately HK$114,000 as at 31 March 2013 were fairly stated; and whether the carrying amount of amounts due from subsidiaries of approximately HK$423,524,000 as at 31 March 2013 is fairly stated.

Material uncertainties relating to the going concern basis of the Group

In forming our opinion, we have considered the adequacy of the disclosures made in Note 3 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As explained in Note 3 to the consolidated financial statements, the directors are currently undertaking measures to satisfy its working capital needs and improve the liquidity position of the Group.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the Case and the recoverability of the Receivable and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The consolidated financial statements do not include any adjustments that would result from the Group failure to recover the Receivable as stated above and a failure as to the successful outcome of the measures undertaken by the Group on satisfying its working capital needs and improving the liquidity position of the Group. If the Receivable was not to be recovered or there was a failure as to the successful outcome of the aforementioned measures on the working capital and liquidity position of the Group, adjustments would have to be made to the consolidated financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. We are uncertain whether the consolidated financial statements of the Group should be prepared under the going concern basis due to the matters as mentioned in preceding paragraph.

Disclaimer of Opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on matters under sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence relating to matters as described in the basis for disclaimer of opinion paragraphs:

– we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

– we were unable to determine whether proper books of account had been kept.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2013, the Group recorded a turnover of approximately HK$6,677,000, compared with the corresponding turnover of approximately HK$28,754,000 in 2012. We incurred a gross profit of approximately HK$811,000 while there was a gross profit of approximately HK$262,000 in 2012. The gross profit in the current year was mainly due to the increasing revenue from advertising segment.

Our loss attributable to shareholders amounted to approximately HK$89,881,000 (2012: approximately HK$41,150,000). This is mainly due to the impairment loss in respect of goodwill and the impairment loss of available-for-sale financial asset. The management of the Group recognised an impairment loss in respect to goodwill of approximately HK$92,651,000 arising from the advertising segment (2012: approximately HK$13,329,000). Nevertheless, there was a one-off special gain of approximately HK$25,930,000 on the disposals of subsidiaries (2012: approximately HK$1,592,000) and there was a one-off gain of approximately HK$29,041,000 on early extinguishment of promissory notes for the year ended 31 March 2013 (2012: HK$Nil).

Turnover from our building and construction segment was HK$Nil (2012: approximately HK$3,060,000).

The renovation, repairs and maintenance segment reported a turnover of approximately HK$Nil (2012: approximately HK$24,399,000).

For advertising segment, turnover amounted to approximately HK$6,677,000 (2012: approximately HK$1,295,000). Profit start generating from this business segment, we have decided to adopt a more competitive business strategy and to enrich our market exposure in Hong Kong by mobile apps.

As a further step to expand the advertising business, we are keen to explore the niche market of new advertising media with huge potential; and management has decided to have greater business development and market share in advertising and media business through investment and acquisition of those potentially healthy advertising business.

On 31 March 2012, we acquired 100% of the entire issued share capital of Huge Leader Development Limited at the total consideration of HK$690,000,000. From this acquisition, we have full operation of FingerAd Media Company Limited ("FingerAd"), which is the wholly owned subsidiary of Huge Leader Development Limited. This has broadened the media channels for our advertising business into mobile platform and digital media networks of flat panel screens in retail chain network; therefore, it will increase the choices of platforms available for our advertising customers. And such an Acquisition is considered as a major thrust to expand our existing advertising business with the explosion on the smartphone market, the mobile App is regarded as the new channel for retailers to promote their offers as well as company image over the Internet.

We consider that the mobile platform and the digital media network will create a new dimension of opportunities for generating substantial amount of recurrent revenue with manageable operating cost.

FINANCIAL REVIEW

Liquidity and financing

There were no bank borrowings as at 31 March 2013 and 2012. The Group's cash and bank deposits were approximately HK$2.5 million (2012: HK$11.6 million).

The Group's gearing ratio, calculated by aggregate of amounts due to related parties, loans from shareholders, promissory note over total assets, increase to 36.52% at 31 March 2013 from 32.93% at 31 March 2012.

Treasury policies

Cash and bank deposits of the Group are mainly in Hong Kong dollars or Renminbi. The Group conducts its core business transaction mainly in Hong Kong dollars and Renminbi such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Pledge of assets

As at 31 March 2013 and 2012, no asset was being pledged since there is no external financing for the Group.

Employee information

On 31 March 2013, the Group had 17 (2012: 32) full time employees, whom are employed in Hong Kong and Mainland China. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

Prospects

It is our Group policy to swift the advertising market from PRC to Hong Kong.

Management has decided to focus more on business in the new media market and noticed that the traditional communication channel and its related advertising businesses are shrinking due to the competition and thrust from the new innovative communication technology and media applied in the modern day advertising business. With the change in the preference and shift of usage by users, new media business in advertising has provided efficiency and convenience for users, and is of course a brand new sector of business in the market.

Mobile application in communication media has provided good platform for advertising and its derived business in market. We find this new media application, in Apps market having a great potential market for business than the traditional communication media, so we will target more on this direction to boost our market share in the industry.

With the growth of mobile devices usage in Hong Kong, food and beverage ("F&B") industry is facing a new challenge for promoting their services to end-customers via mobile platform. Our FingerAd business operation will focus on building a critical mass for subscribers for the Dining App in the food and beverage industry in Hong Kong.

After successfully gaining market recognition in the food and beverage sector in Hong Kong, FingerAd will adopt similar strategies for the supply and sales of mobile app services for other retail industries. Besides, we will replicate the FingerAd business model in the PRC in future after successfully gaining market recognition in the mobile advertising media for F&B industry in Hong Kong and after feasibility studies have been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions in the Code on Corporate Governance Practices*Note* ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2013 except for the following deviations:

CG Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Hui Chi Yung currently holds both positions. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee comprises three members and all of whom are independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters. It has also reviewed the annual results for the year ended 31 March 2013.

On behalf of the Board
China Railsmedia Corporation Limited
Hui Chi Yung
Chairman

Hong Kong, 27 June 2013

As at the date of this announcement, the Board of Directors comprises Mr. Hui Chi Yung and Mr. Hui Kau Mo as Executive Directors and Mr. Liu Kwong Sang, Mr. Sit Hing Wah and Dr. Hu Chung Kuen, David as Independent Non-Executive Directors.

Note: The code on Corporate Governance Practices has been amended by the Stock Exchange and now known as Corporate Governance Code with effect from 1 April 2013.