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

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8087

INTERIM REPORT 2011

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

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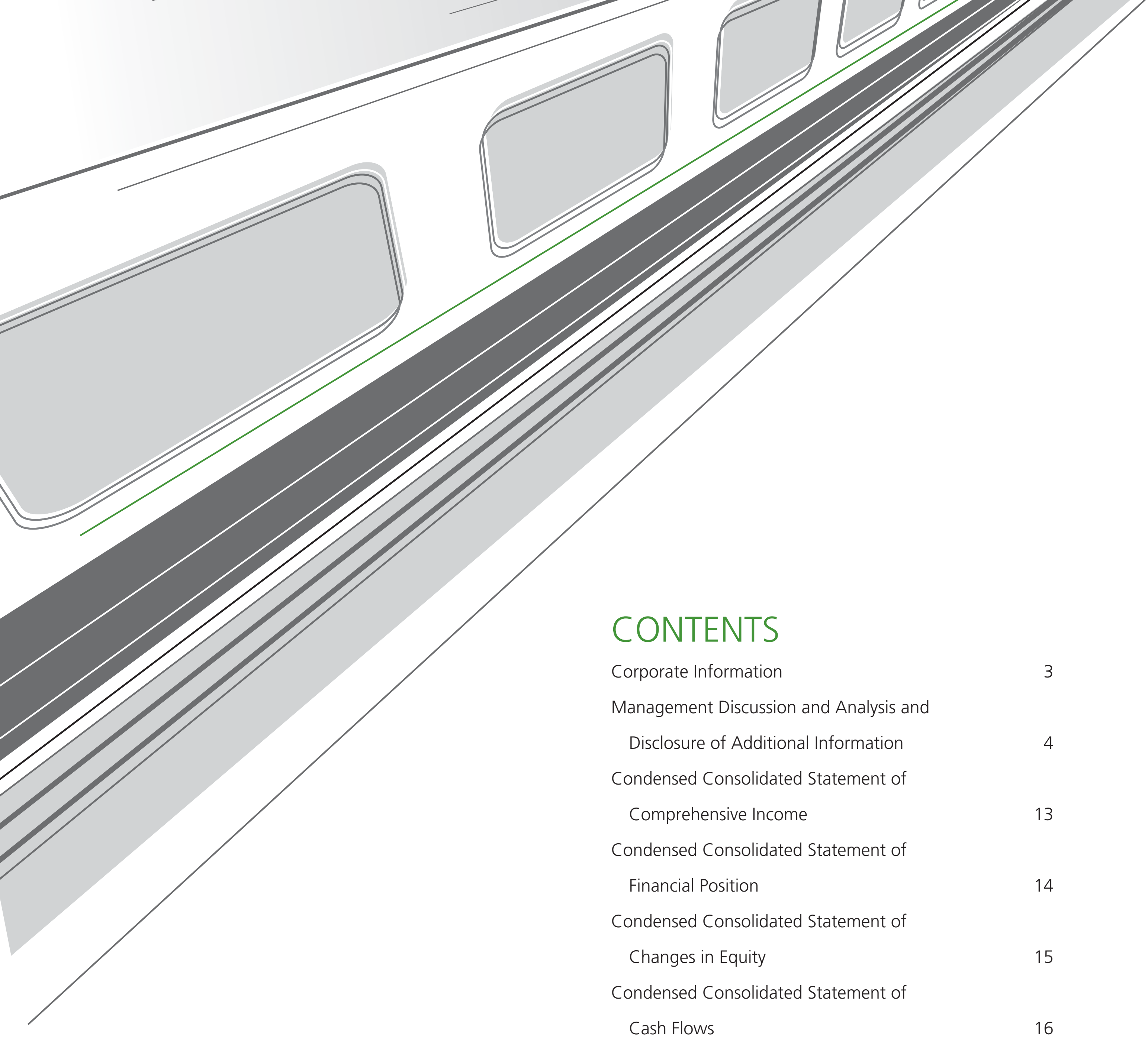

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CORPORATE INFORMATION

Directors

Executive
Mr. Lin Pintong *(Chairman)*
Mr. Ruan Deqing
Mr. Han Wenqian *(Chief Executive Officer)*

Non-Executive
Mr. Wang Jianqing
Mr. Wang Fuqing

Independent Non-Executive
Mr. Gao Xingbo
Mr. Feng Bing
Mr. Chen Shaofeng
Ms. Xing Zhibin

Legal Advisers

As to Hong Kong law:
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40th Floor, Jardine House
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Hong Kong

As to PRC law:
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Auditors

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Compliance Adviser

Oriental Patron Asia Limited

Authorised Representatives

Mr. Ruan Deqing
Mr. Leung Ting Yuk

Company Secretary

Mr. Leung Ting Yuk, *HKICPA, CPA Australia*

Compliance Officer

Mr. Ruan Deqing

Audit Committee Members

Mr. Gao Xingbo *(Chairman)*
Mr. Feng Bing
Mr. Chen Shaofeng

Remuneration Committee Members

Mr. Feng Bing *(Chairman)*
Mr. Ruan Deqing
Mr. Gao Xingbo

Nomination Committee Members

Mr. Chen Shaofeng *(Chairman)*
Mr. Lin Pintong
Mr. Gao Xingbo

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China

Principal Place of Business Registered Under Part XI of the Companies Ordinance

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Hong Kong

Principal Bankers

Industrial Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited

Hong Kong Share Registrar

Tricor Investor Services Limited
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Hong Kong

Website Address

http://www.china33media.com

Stock Code

8087

BUSINESS REVIEW

The principal business of the Group during the period included printed media advertising, audio advertising and outdoor advertising. The Group's revenue for the six months ended 30 June 2011 amounted to RMB106,584,000, representing an increase of 12.2% as compared to RMB94,954,000 for the corresponding period of last year.

Overall gross profit increased by RMB12,396,000 or approximately 18.8% to RMB78,279,000 for the six months ended 30 June 2011 from RMB65,883,000 for the corresponding period of last year. The gross profit margin for the current period reached approximately 73.4% as compared to approximately 69.4% in the corresponding period of last year. The total comprehensive income for the period attributable to the owners of the Company amounted to RMB41,604,000, representing an increase of approximately 36.5% as compared to RMB30,481,000 of the corresponding period of last year.

REVIEW BY SEGMENT

Analysis of revenue, gross profit and gross profit margin by segment is as follows:

	Revenue 30 June			Gross Profit 30 June			Gross Profit Margin 30 June	
	2011 Unaudited RMB'000	2010 Unaudited RMB'000	Change %	2011 Unaudited RMB'000	2010 Unaudited RMB'000	Change %	2011 Unaudited %	2010 Unaudited %
Printed media advertising	84,543	75,965	11.3	61,196	51,377	19.1	72.4	67.6
Audio advertising	14,596	14,355	1.7	13,721	13,459	1.9	94.0	93.8
Outdoor advertising	7,445	4,634	60.7	3,362	1,047	221.1	45.2	22.6
Total	106,584	94,954	12.2	78,279	65,883	18.8	73.4	69.4

Printed Media Advertising

Revenue from printed media advertising was the principal source of revenue for the period under review which contributed approximately 79.3% to the Group's total revenue. It is expected to continue to be our principal source of revenue in the future. Revenue from printed media advertising increased by approximately 11.3% from RMB75,965,000 for the six months ended 30 June 2010 to RMB84,543,000 for the six months ended 30 June 2011. The growth is mainly attributable to the increase in average price per advertisement page and total number of advertisement pages.

Gross profit of printed media advertising for the six months ended 30 June 2011 amounted to RMB61,196,000, representing an increase of approximately 19.1% as compared with a gross profit of RMB51,377,000 for the six months ended 30 June 2010. Gross profit margin increased from approximately 67.6% for the six months ended 30 June 2010 to approximately 72.4% for the six months ended 30 June 2011 mainly due to the increase in average price per advertisement page and tight control of cost of sales.

Audio Advertising

Revenue from audio advertising represented the amount generated from the sales of advertising timeslots which was being part of the audio advertising produced by the Group for broadcasting during train transmission. It is mainly driven by duration of the audio advertisements, the price per standard timeslot (i.e. 15 or 30 seconds) and the frequency of broadcast. Revenue from audio advertising remained stable at RMB14,596,000 for the six months ended 30 June 2011 as compared to RMB14,355,000 for the corresponding period in year 2010. Gross profit amounted to RMB13,721,000 for the six months ended 30 June 2011, representing an increase of approximately RMB262,000 or 1.9% over that of the corresponding period in last year, which was RMB13,459,000. Gross profit margin maintained stable at approximately 94.0% for the six months ended 30 June 2011 as compared to approximately 93.8% in the corresponding period last year. As majority of the costs of audio programmes such as amortisation expenses on intangible assets and management fee are relatively fixed cost in nature, the gross profit margin generally moved in line with the increase in revenue from audio programmes.

Outdoor Advertising

Revenue from outdoor advertising is mainly driven by the number of air traffic control towers and the price per advertising space. It increased from RMB4,634,000 for the six months ended 30 June 2010 to RMB7,445,000 for the six months ended 30 June 2011. Gross profit increased to RMB3,362,000 from RMB1,047,000, representing an increase of approximately 221.1% as compared with the six months ended 30 June 2010. The increase was mainly due to the fact that the Group successfully secured a large outdoor advertising contract with an existing customer for 16 air traffic control towers in December 2010 with higher contract price. The gross profit margin increased to approximately 45.2% for the six months ended 30 June 2011 as compared to approximately 22.6% for the corresponding period of last year.

Gross profit margin of the Group as a whole increased from 69.4% for the six months ended 30 June 2010 to 73.4% for the current period. This was mainly due to the increase in revenue from printed media business as a result of the increase in average price per advertisement page and average monthly number of advertisement pages of the printed media due to the rapid development of the high-speed railway network in China. It was also contributed by increase in revenue from outdoor advertising driven by sale of advertising spaces of 16 air traffic control towers to the existing customer with higher contract price.

Other Income and Gains

Other income and gains increased from RMB344,000 for the six months ended 30 June 2010 to RMB791,000 in the current period, mainly due to the increase in interest income on bank deposits.

Cost of Sales

Cost of sales remains stable at RMB28,305,000 for the current period as compared to RMB29,071,000 for the corresponding period of last year, representing an decrease of 2.6%. The decrease in cost of sales was mainly attributable to the decrease in amount of amortisation of intangible assets and benefit from cost control during the period.

Selling and Distribution Expenses

Selling and distribution expenses mainly include staff costs, commission payable to sales staff, travelling and related expenses, office expenses and others. It increased by 5.2% from RMB16,288,000 for the six months ended 30 June 2010 to RMB17,140,000 in the current period, primarily as a result of increase in commission payable to sales staff which is in line with increase in sales for the period.

Administrative Expenses

Administrative expenses decreased by 9.1% from RMB9,127,000 for the six months ended 30 June 2010 to RMB8,294,000 in current period, primarily due to the written back of provision for social welfares in previous years and effective cost control policy.

Income Tax Expense

The income tax expense of the Group for the six months ended 30 June 2011 was RMB13,354,000 (six months ended 30 June 2010: RMB10,632,000) at the effective tax rate of 25.0% (six months ended 30 June 2010: 26.1%).

Liquidity and Financial Resources

As at 30 June 2011, the Group's cash and cash equivalents, including bank deposits and cash in hand, and short-term bank deposits with original maturities not exceeding three months, amounted to RMB260,510,000, representing a net increase of RMB157,408,000 as compared to the position as at 31 December 2010. Net cash used in operating activities amounted to RMB4,800,000 for the six months ended 30 June 2011 as compared to net cash generated from operating activities amounted to RMB15,172,000 for the corresponding period of last year.

As at 30 June 2011, the current ratio was 8.60 (31 December 2010: 1.68) and gearing ratio of the Group was (157.6%) (31 December 2010: (10.9%)) which was calculated based on the Group's net debt divided by the equity attributable to owners of the Company plus net debt. The Group satisfied their working capital needs principally from internally generated cash flow from operating activities.

Pledge of Assets

As at 30 June 2011, the Group has no assets pledged for bank borrowings or for other purpose (31 December 2010: Nil).

Capital Structure

During the period under review, the Group had net assets of RMB371,284,000 (31 December 2010: RMB113,089,000), comprising non-current assets of RMB39,521,000 (31 December 2010: RMB41,781,000), and current assets of RMB379,859,000 (31 December 2010: RMB186,463,000). The Group recorded a net current asset position of RMB335,675,000 (31 December 2010: RMB75,509,000), which primarily consists of cash and bank equivalents amounted to RMB260,510,000 (31 December 2010: RMB103,102,000) and trade receivables amounted to RMB83,839,000 (31 December 2010: RMB58,078,000). Major current liabilities are other payables and accruals, amount due to the ultimate holding company and tax payable amounted to RMB28,837,000 (31 December 2010: RMB28,698,000), nil (31 December 2010: RMB52,501,000) and RMB9,088,000 (31 December 2010: RMB18,642,000), respectively. The Group has no bank borrowings.

Contingent Liabilities

As at 30 June 2011, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 30 June 2011, the Group did not have any significant capital commitments.

Total Comprehensive Income Attributable to Owners of the Company and Net Profit Margin

Total comprehensive income attributable to the owners of the Company for the six months ended 30 June 2011 amounted to RMB41,604,000 (six months ended 30 June 2010: RMB30,481,000) representing an increase of 36.5% over that in the corresponding period of last year. Net profit margin of the Group also rose by 18.6% to 37.6% (six months ended 30 June 2010: 31.7%).

Foreign Exchange Risk

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

Human Resources

As at 30 June 2011, the Group had a total of approximately 648 employees situated in the PRC. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the period under review, the total staff costs (including Directors' emoluments) amounted to approximately RMB22,503,000 (six months ended 30 June 2010: RMB17,369,000).

Material Acquisition and Disposal

During the period under review, no material acquisition or disposal of subsidiaries and affiliated companies was entered into by the Group.

Use of Net Proceeds from the Placing

The shares of the Company were listed on the GEM board of the Stock Exchange on 28 February 2010 with net proceeds from the placing and the partial exercise of the Over-allotment Option as defined in the prospectus of the Company dated 22 February 2011 (the "Prospectus") received by the Company of approximately HK$261.9 million (approximately RMB241.2 million) and HK$5.4 million (approximately RMB4.5 million), respectively (after deducting underwriting commission and related expenses). During the period from the latest practicable date as defined in the Prospectus (the "LPD") to 30 June 2011, the net proceeds from the Placing and the partial exercise of the Over-allotment Option had been applied as follows:

	Business objectives for the period from the LPD to 30 June 2011 as stated in the Prospectus	Planned use of proceeds from the LPD to 30 June 2011 as stated in the Prospectus (HK$ million)	Actual use of proceeds from the LPD to 30 June 2011 (HK$ million)	Actual business progress up to 30 June 2011
1.	**Extension of advertising business to train stations**			
	To contract with two local railway bureaus for installation of outdoor advertising billboards.	55.3	6.4	The Group has signed the contracts with two local railway bureaus for installation of outdoor advertising billboards. As at 30 June 2011, about 6.4 million has been utilised for installation of billboards at several train stations operated by these two local railway bureaus. Because of the delay in the issue of approval documents by the two local railway bureaus, it is expected that further investment will be made in the second half of 2011.
2.	**Expansion of existing business alongside the development of the high-speed railway network in China**			
	To establish two new representative offices and employ 50 staff to promote and expand the sales network.	8.7	1.4	The Group has established two new representative offices at Henan and Hainan provinces. As of 30 June 2011, the Group has employed 29 new staff for the promotion and expansion of sales network. The Group will make up the difference by employing further 21 staff in the second half of 2011. Further disbursements will be captured for staff in the second half of 2011.
3.	**Commencement of the operation of new on-board media on trains in China**			
	To make equity investment in a company to install LED panels and related audio/video systems on trains.	24.6	–	Because of the change of policy of Ministry of Railway, the contract for the operation of LED panels and related audio/video system is now open for bidding rather than awarding to the Group directly. The bidding procedure will be held in the second half of 2011 and the Group has submitted the application for bidding.

	Business objectives for the period from the LPD to 30 June 2011 as stated in the Prospectus	Planned use of proceeds from the LPD to 30 June 2011 as stated in the Prospectus (HK$ million)	Actual use of proceeds from the LPD to 30 June 2011 (HK$ million)	Actual business progress up to 30 June 2011
4.	**Acquiring additional advertising space on air traffic control towers**			
	To commence the operation of additional advertising space on two air traffic control towers.	1.8	1.8	The Group has commenced the operation of additional advertising on two air traffic control towers.
5.	**Commencement of the advertising business on the Internet**			
	To launch website for advertising business and provision of information and services in relation to the China railway system.	15.7	–	The Group has organised a group of professional staff for this project. The launch of the website is however subject to the commencement of operation of the supporting system, such as users' ID identification system by the Ministry of Railway which commencement has been postponed by the Ministry of Railway to the first quarter of 2012. The Directors therefore expect that the launch of the website will be delayed to the first quarter of 2012.
6.	**Repayment of amount due to Lizhong Limited ("Lizhong")**			
	To repay HK$40 million due to Lizhong.	40.0	40.0	The Group has repaid HK$40 million to Lizhong.
	Total	146.1	49.6	

Actual application of the net proceeds, except for the repayment of amount due to Lizhong and acquiring additional advertising space on air traffic control towers, was lower as compared to the planned application due to the reasons as explained above. The Directors expect that some of the business objectives stated in the Prospectus for the period from the LPD to 30 June 2011 will be revisited in the second half of 2011. However, the Directors will constantly evaluate the Group's business objectives and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

FUTURE PROSPECTS

In view of the rapid development of the high-speed railway network in China, the Group is optimistic on the long term prospect of our existing businesses. The management of the Group is now optimising the Group's resources in order to capture more business opportunities by focusing on the advertising business at train stations, advertising agency business in on-board LED media, expanding the Group's existing businesses by extending sales network and expanding advertising business through internet.

Since the Group has decided to expand it business through advertising billboards at train stations, it has entered into contracts with certain state-owned railways media operators that the Group is granted an exclusive advertising right to install and operate the advertising panels at seven selected train stations operated by three railway bureaus. The Group has commenced installation of billboards and facilities in several stations and has signed several contracts with customers for placing of advertisements on these billboards.

The Group has entered into an agreement with an operator of the website dedicated to the provision of railway related information and services including, railway information, such as development of railway construction, train timetables, train status, ticketing and news; information platform for railway related suppliers; railway information projects tendering; and highlights of all hyperlinks to sightseeing attractions, restaurants and hotels along the railway network in China. The co-operation provides a huge driving force for business development in the future.

Furthermore, the Group is now expanding the existing businesses by extending sales network through the establishment of sales offices at different PRC cities and strengthening the Group's sales and advertising teams at different locations. The Group will also increase the number of route-specific supplements of our printed media in order to strengthen the customer base and accelerate our business growth. To further broaden our coverage and penetration of audio advertising in the market, the Group is discussing with various local railway bureaus for additional broadcasting time for advertisements on different routes of regular trains in China. To expand our outdoor advertising, the Group will secure more advertising spaces on the air traffic control towers at the civil airports that are not currently operated by the Group.

In addition to two other distinguished publications, namely Fellow Traveller and Resource, a new monthly supplement called Passengers 1318 for distribution on the Beijing-Shanghai high-speed railway has commenced service as of 30 June 2011. Passengers 1318 is positioned as a prestigious lifestyle magazine targets high-end business travelers on the Beijing-Shanghai high-speed railway. The Group now prints about 100,000 copies of its periodicals per month for the passengers of the Beijing-Shanghai route. The latest development will help the Group further strengthen its printed media business and attract more high-end advertising customers. On top of the Beijing-Shanghai route, three major routes, namely, Beijing-Wuhan route, Ningbo-Hangzhou route and Harbin-Dalian route will begin operation this year, which is expected to benefit the Group.

The Group will continue to capitalise on its competitive advantages to realise expansion opportunities, seek prospects for mergers and acquisitions that enhance operational synergies and develop a diverse advertising platform.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 to the GEM Listing Rules throughout the period under review.

DIVIDENDS

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the period under review, none of the Directors had material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Oriental Patron Asia Limited ("OPAL"), the compliance adviser of the Company, save for an indirect holding of 2,000,000 shares of the Company by an associates (as defined under the GEM Listing Rules) of OPAL, neither OPAL nor its directors or employees or associates (as defined under the GEM Listing Rules) had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2011.

Pursuant to the agreement dated 23 February 2011 entered into between OPAL and the Company, OPAL has received and will receive fees for acting as the compliance adviser of the Company.

COMPETING INTERESTS

For the six months ended 30 June 2011, the Directors were not aware of any business or interest of each of the Directors, or the controlling shareholders of the Company and their respective associates (as defined under GEM Listing Rules) that competes or may compete, directly of indirectly, with the business of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period under review, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

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

As at 30 June 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO were as follows:

Long positions in the ordinary shares of the Company

Name of director	Nature of interest	Number of shares held	Approximate percentage of shareholding (%)
Mr. Lin Pintong	Interest of a controlled corporation	265,500,000 ordinary shares (Note 1)	44.02
Mr. Ruan Deqing	Interest of a controlled corporation	265,500,000 ordinary shares (Note 2)	44.02
Mr. Han Wenqian	Interest of a controlled corporation	9,000,000 ordinary shares (Note 3)	1.49
Mr. Wang Fuqing	Interest of a controlled corporation	28,638,000 ordinary shares (Note 4)	4.75
	Beneficial owner	1,024,000 ordinary shares	0.17

Notes:

(1) These shares are registered in the name of Lizhong, 47.46% of the entire issued share capital of which is owned by Broad Win Limited ("Broad Win"). The entire issued share capital of Broad Win is owned by Mr. Lin Pintong ("Mr. Lin"), an executive director. Mr. Lin is deemed to be interested in all the shares in which Broad Win is interested by virtue of the SFO. Mr. Lin is the sole director of Broad Win.

(2) These shares are registered in the name of Lizhong, 47.46% of the entire issued share capital of which is owned by Joint Loyal Limited ("Joint Loyal"). The entire issued share capital of Joint Loyal is owned by Mr. Ruan Deqing ("Mr. Ruan"), an executive director. Mr. Ruan is deemed to be interested in all the shares in which Joint Loyal is interested by virtue of the SFO. Mr. Ruan is the sole director of Joint Loyal.

(3) These shares are registered in the name of Long Sunny Trading Limited ("Long Sunny"), the entire issued share capital of which is owned by Mr. Han Wenqian ("Mr. Han"), an executive director. Mr. Han is deemed to be interested in all the shares in which Long Sunny is interested by virtue of the SFO. Mr. Han is the sole director of Long Sunny.

(4) These shares are registered in the name of Make Sense Group Limited ("Make Sense"), the entire issued share capital of which is owned by Mr. Wang Fuqing ("Mr. Wang"), a non-executive director. Mr. Wang is deemed to be interested in all the shares in which Make Sense is interested by virtue of the SFO. Mr. Wang is the sole director of Make Sense.

Save as disclosed above, as at 30 June 2011, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2011, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of shares held	Approximate percentage of shareholding (%)
Lizhong (Note 1)	Beneficial owner	265,500,000	44.02
Broad Win (Note 1)	Interest of a controlled corporation	265,500,000	44.02
Ms. Pan Xiaoying (Note 2)	Interest of spouse	265,500,000	44.02
Joint Loyal (Note 1)	Interest of a controlled corporation	265,500,000	44.02
Ms. Liu Sibin (Note 3)	Interest of spouse	265,500,000	44.02
Mr. Kazunari Shirai (Note 4)	Interest of a controlled corporation	49,362,000	8.18
Ms. Junko Shirai (Note 5)	Interest of spouse	49,362,000	8.18
Smartisian Holdings Company Ltd. (Note 6)	Beneficial owner	36,000,000	5.97
Mr. Wang Shouzhong (Note 6)	Interest of a controlled corporation	36,000,000	5.97
Ms. Liu Jumei (Note 6)	Interest of spouse	36,000,000	5.97

Notes:

(1) These shares are registered in the name of and beneficially owned by Lizhong, 47.46% and 47.46% of the entire issued share capital of Lizhong is owned by Broad Win and Joint Loyal respectively. The entire issued share capital of Broad Win and Joint Loyal is owned by Mr. Lin and Mr. Ruan respectively. Under the SFO, each of Mr. Lin, Mr. Ruan, Broad Win and Joint Loyal is deemed to be interested in all the shares held by Lizhong. The directors of Lizhong are Mr. Lin, Mr. Ruan and Mr. Han.

(2) Ms. Pan Xiaoying ("Ms. Pan") is the spouse of Mr. Lin. Therefore, Ms. Pan is deemed, or taken to be, interested in the 265,500,000 shares which Mr. Lin is deemed, or taken to be interested in for the purposes of the SFO.

(3) Ms. Liu Sibin ("Ms. Liu") is the spouse of Mr. Ruan. Therefore, Ms. Liu is deemed, or taken to be, interested in the 265,500,000 shares which Mr. Ruan is deemed, or taken to be interested in for the purposes of the SFO.

(4) Among these shares, Sequedge Finance Inc. ("Sequedge Finance") is the beneficial owner of 29,185,701 shares and Sequedge ASA Capital (Cayman) II Limited ("Sequedge Capital") is the beneficial owner of 20,176,299 shares. Mr. Kazunari Shirai ("Mr. Kazunari") is deemed to be interested in all these shares by virtue of his interest in 72.08% of the entire issued share capital of Sequedge Finance and 60% of the entire issued share capital of Sequedge Capital for the purposes of the SFO.

(5) Ms. Junko Shirai ("Ms. Junko") is the spouse of Mr. Kazunari. Therefore, Ms. Junko is deemed, or taken to be, interested in all shares which Mr. Kazunari is deemed, or taken to be interested in for the purposes of the SFO.

(6) These shares are registered in the name of and beneficially owned by Smartisian Holdings Company Ltd. ("Smartisian Holdings"), the entire issued share capital of which is owned by Mr. Wang Shouzhong. Mr. Wang Shouzhong is deemed to be interested in all the shares in which Smartisian Holdings is interested by virtue of the SFO. Ms. Liu Jumei is the spouse of Mr. Wang Shouzhong. Ms. Liu Jumei is deemed, or taken to be, interested in all shares which Mr. Wang Shouzhong is deemed, or taken to be interested in for the purposes of the SFO.

Save as disclosed above, as at 30 June 2011, the Directors were not aware of any other persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the code of conduct and required standard of dealings concerning securities transactions by the directors throughout the period under review.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company. The Audit Committee has three members comprising Mr. Gao Xingbo (Chairman), Mr. Feng Bing and Mr. Chen Shaofeng.

The Audit Committee has reviewed the unaudited results of the Group for the six months ended 30 June 2011. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM listing rules and that adequate disclosures have been made.

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

Hong Kong, 9 August 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2011

UNAUDITED INTERIM RESULTS

The unaudited condensed consolidated results of China 33 Media Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the six months and three months ended 30 June 2011, together with the comparative unaudited figures for the corresponding period in 2010, are as follows:

	Notes	Six months ended 30 June 2011 Unaudited RMB'000	Six months ended 30 June 2010 Unaudited RMB'000	Three months ended 30 June 2011 Unaudited RMB'000	Three months ended 30 June 2010 Unaudited RMB'000
REVENUE	6	106,584	94,954	49,463	51,640
Cost of sales		(28,305)	(29,071)	(13,675)	(15,781)
Gross profit		78,279	65,883	35,788	35,859
Other income and gains, net	6	791	344	649	319
Selling and distribution expenses		(17,140)	(16,288)	(8,198)	(10,530)
Administrative expenses		(8,294)	(9,127)	(2,481)	(5,491)
Other operating expenses, net		(55)	(113)	(50)	(112)
Share of profits and losses of:					
A jointly-controlled entity		(319)	–	(154)	–
An associate		131	5	58	16
PROFIT BEFORE TAX	7	53,393	40,704	25,612	20,061
Income tax expense	8	(13,354)	(10,632)	(6,346)	(4,601)
PROFIT FOR THE PERIOD		40,039	30,072	19,266	15,460
Profit for the period attributable to:					
Owners of the Company		40,135	30,479	19,095	16,058
Non-controlling interests		(96)	(407)	171	(598)
		40,039	30,072	19,266	15,460
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10				
Basic		7.25	6.77	3.17	3.57
Diluted		7.25	6.77	3.17	3.57
PROFIT FOR THE PERIOD		40,039	30,072	19,266	15,460
OTHER COMPREHENSIVE INCOME FOR THE PERIOD:					
Exchange differences on translation of foreign operations		1,469	2	757	(99)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		41,508	30,074	20,023	15,361
Attributable to:					
Owners of the Company		41,604	30,481	19,852	15,959
Non-controlling interests		(96)	(407)	171	(598)
		41,508	30,074	20,023	15,361

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

	Notes	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	6,132	6,567
Intangible assets		15,649	16,899
Other non-current asset		8,810	9,348
Investment in a jointly-controlled entity		1,106	1,426
Investment in an associate		2,023	1,892
Deferred tax assets		123	123
Deposit		5,678	5,526
Total non-current assets		39,521	41,781
CURRENT ASSETS			
Trade receivables	12	83,839	58,078
Prepayments, deposits and other receivables		35,510	23,518
Amounts due from directors	14	–	1,765
Cash and cash equivalents		260,510	103,102
Total current assets		379,859	186,463
CURRENT LIABILITIES			
Trade payables	13	6,259	7,874
Other payables and accruals		28,837	28,698
Amounts due to directors	14	–	3,239
Amount due to the ultimate holding company		–	52,501
Tax payable		9,088	18,642
Total current liabilities		44,184	110,954
NET CURRENT ASSETS		335,675	75,509
TOTAL ASSETS LESS CURRENT LIABILITIES		375,196	117,290
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,912	4,201
Net assets		371,284	113,089
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	3,976	2,967
Reserves		364,432	107,150
		368,408	110,117
Non-controlling interests		2,876	2,972
Total equity		371,284	113,089

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Attributable to owners of the Company								
	Issued capital RMB'000	Share premium account* RMB'000	Capital reserve* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Retained profits/ (accumulated loss)* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010	–	–	25,557	1,616	271	(1,683)	25,761	2,771	28,532
Profit/(loss) for the period	–	–	–	–	–	30,479	30,479	(407)	30,072
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	2	–	2	–	2
Total comprehensive income/(loss) for the period	–	–	–	–	2	30,479	30,481	(407)	30,074
Deemed contribution from a shareholder	–	–	481	–	–	–	481	–	481
Equity-settled share option transactions	–	–	58	–	–	–	58	–	58
At 30 June 2010	**–**	**–**	**26,096**	**1,616**	**273**	**28,796**	**56,781**	**2,364**	**59,145**
At 1 January 2011	2,967	9,469	26,153	10,030	926	60,572	110,117	2,972	113,089
Profit/(loss) for the period	–	–	–	–	–	40,135	40,135	(96)	40,039
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	1,469	–	1,469	–	1,469
Total comprehensive income/(loss) for the period	–	–	–	–	1,469	40,135	41,604	(96)	41,508
Issue of shares under public placing	989	225,803	–	–	–	–	226,792	–	226,792
Issue of shares on exercise of over-allotment options	20	4,652	–	–	–	–	4,672	–	4,672
Expenses incurred in connection with the issue of shares	–	(14,820)	–	–	–	–	(14,820)	–	(14,820)
Equity-settled share option transactions	–	–	43	–	–	–	43	–	43
At 30 June 2011	**3,976**	**225,104**	**26,196**	**10,030**	**2,395**	**100,707**	**368,408**	**2,876**	**371,284**

* These reserve accounts comprise the consolidated reserves of RMB364,432,000 and RMB56,781,000 in the condensed consolidated statement of financial position as at 30 June 2011 and 2010, respectively.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2011

	Unaudited Six months ended 30 June 2011 RMB'000	2010 RMB'000
Net cash generated from/(used in) operating activities	(4,800)	15,172
Net cash used in investing activities	(165)	(2,237)
Net cash generated from financing activities	162,331	966
NET INCREASE IN CASH AND CASH EQUIVALENTS	157,366	13,901
Cash and cash equivalents at beginning of period	103,102	57,688
Effect of foreign exchange rate changes, net	42	2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	260,510	71,591

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 May 2010 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

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

During the period, the Group was principally engaged in the operation and provision of advertising services of printed media and audio programmes for railway networks and advertising spaces on air traffic control towers at airports in Mainland China.

2. BASIS OF PRESENTATION AND PREPARATION

(a) Since the Company and the companies now comprising the Group were under common control both before and after the completion of the Reorganisation, the Reorganisation was accounted for using merger method of accounting. The financial statements have been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group.

The condensed consolidated statements of comprehensive income and condensed consolidated statements of changes in equity of the Group for the six months ended 30 June 2011 include the results of all companies now comprising the Group, as if the current structure had been in existence throughout the six months ended 30 June 2011, or since their respective dates of acquisition, incorporation or establishment, where this is a shorter period.

In the opinion of the directors of the Company (the "Directors"), the condensed consolidated interim financial statements prepared on the above basis present more fairly the results and state of affairs of the Group as a whole.

(b) The condensed consolidated interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee, and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The condensed consolidated interim financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee (the "Audit Committee") of the Company.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

In the current period, the Group applied for the first time the following new and revised IFRSs, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2011.

IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (Revised)	Related Party Disclosures
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
IFRIC – Int 14 Amendments	Amendments to IFRIC-Int 14 *Prepayments of a Minimum Funding Requirement*
IFRIC – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, the Group has also adopted Improvements to IFRSs 2010 which sets out amendments to a number of IFRSs.

The adoption of these new and revised IFRSs has had no material effect on the condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

3.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Group's condensed consolidated interim financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [1]
IFRS 9	*Financial Instruments* [4]
IFRS 10	*Consolidated Financial Statements* [4]
IFRS 11	*Joint Arrangements* [4]
IFRS 12	*Disclosure of Interests in Other Entities* [4]
IFRS 13	*Fair Value Measurement* [4]
IAS 1 (Revised)	*Presentation of Financial Statements* [3]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [2]
IAS 19 (2011)	*Employee Benefits* [4]
IAS 27 (2011)	*Separate Financial Statements* [4]
IAS 28 (2011)	*Investments in Associates and Joint Ventures* [4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the Group's audited financial statements for the year ended 31 December 2010.

5. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their advertising channels and has three reportable operating segments in Mainland China as follows:

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

(b) outdoor advertising: sale of advertising spaces at various airports' air traffic control towers; and

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

	Printed media advertising RMB'000	Outdoor advertising RMB'000	Audio advertising RMB'000	Total RMB'000
Six months ended 30 June 2011				
Segment revenue:				
Sales to external customers	84,543	7,445	14,596	106,584
Segment results	61,196	3,362	13,721	78,279
Reconciliation:				
Interest income				685
Other unallocated income and gains, net				106
Share of profits and losses of:				
a jointly-controlled entity				(319)
an associate				131
Corporate and other unallocated expenses				(25,489)
Profit before tax				53,393
Income tax expense				(13,354)
Profit for the period				40,039

	Printed media advertising RMB'000	Outdoor advertising RMB'000	Audio advertising RMB'000	Total RMB'000
Six months ended 30 June 2010				
Segment revenue:				
Sales to external customers	75,965	4,634	14,355	94,954
Segment results	51,377	1,047	13,459	65,883
Reconciliation:				
Interest income				167
Other unallocated income and gains, net				177
Share of profits of an associate				5
Corporate and other unallocated expenses				(25,528)
Profit before tax				40,704
Income tax expense				(10,632)
Profit for the period				30,072

6. REVENUE, OTHER INCOME AND GAINS, NET

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

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Revenue				
Printed media advertising income	90,818	80,851	43,546	44,492
Outdoor advertising income	7,997	4,878	4,134	2,483
Audio advertising income	15,680	15,110	4,846	8,318
	114,495	100,839	52,526	55,293
Less: business tax	(7,911)	(5,885)	(3,063)	(3,653)
Total	106,584	94,954	49,463	51,640
Other income and gains, net				
Interest income	685	167	589	319
Others	106	177	60	–
Total	791	344	649	319

7. PROFIT BEFORE TAX

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

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Depreciation	600	680	285	482
Amortisation of intangible assets	1,250	4,969	625	2,485
Amortisation of other non-current asset	538	538	269	269
Impairment of trade receivables	–	6	–	–
Minimum lease payments under operating leases on land and buildings	2,316	1,811	1,306	1,010
Employee benefit expense (including directors' remuneration):				
Wages and salaries	19,340	15,595	9,866	7,942
Equity-settled share option expenses	43	58	21	29
Pension scheme contributions*	3,120	1,716	1,586	926
	22,503	17,369	11,473	8,897

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

8. 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 period (six months ended 30 June 2010: Nil). Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

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

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Current – Mainland China				
Charge for the period	13,643	11,913	6,490	5,242
Deferred	(289)	(1,281)	(144)	(641)
Total tax charge for the period	13,354	10,632	6,346	4,601

9. DIVIDENDS

The Directors did not recommend the payment of any dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of RMB40,135,000 (six months ended 30 June 2010: RMB30,479,000) and the weighted average number of 553,246,000 ordinary share in issue (six months ended 30 June 2010: 450,000,000). In determining the weighted average number of ordinary shares in issue, a total of 450,000,000 ordinary shares of the Company issued pursuant to the Reorganisation and a capitalisation issue were deemed to have been issued since 1 January 2010.

The Group had no potential dilutive ordinary shares in issue during the periods ended 30 June 2011 and 2010.

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Net carrying amount at 1 January	6,567	6,492
Additions	165	1,553
Depreciation for the period/year	(600)	(1,478)
Net carrying amount at the period/year end	6,132	6,567

12. TRADE RECEIVABLES

	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Trade receivables	84,784	59,023
Less: impairment	(945)	(945)
	83,839	58,078

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 180 days.

As at 30 June 2011, an aged analysis of the trade receivables, based on the advertisement publication date, is as follows:

	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Within 3 months	30,440	35,968
3 to 6 months	24,758	10,724
6 months to 1 year	24,545	11,383
Over 1 year	5,041	948
	84,784	59,023

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

	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Neither past due nor impaired	28,649	22,996
Past due but not impaired:		
Less than 3 months	29,798	13,037
More than 3 months	25,392	22,045
	83,839	58,078

Receivables that were past due but not impaired relate to a number of independent customers that have a good repayment record with the Group. Based on past experience, the Directors 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.

13. TRADE PAYABLE

An aged analysis of the trade payables as at 30 June 2011, based on the invoice date, is as follows:

	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Within 3 months	5,941	7,827
3 to 6 months	79	–
Over 6 months	239	47
	6,259	7,874

14. BALANCES WITH DIRECTORS

	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Amounts due from Directors:		
– Mr. Lin Pintong	–	873
– Mr. Ruan Deqing	–	892
	–	1,765
Amount due to Directors:		
– Mr. Lin Pintong	–	1,410
– Mr. Ruan Deqing	–	1,829
	–	3,239

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

15. SHARE CAPITAL

	Notes	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Authorised:			
Upon incorporation (50,000,000 shares of US$0.001 each)	(a)	50,000,000	330
Increase in authorised share capital on 17 December 2010	(b)	39,950,000,000	263,342
		40,000,000,000	263,672
Issued:			
Upon incorporation (1 share of US$0.001 allotted and issued at nil paid)	(c)	1	–
On acquisition of Hongkong Ao Shen Investment Co., Limited ("Hong Kong Ao Shen") on 17 December 2010			
– allotment and issuance of 48,999,999 shares credited as fully paid	(d)	48,999,999	323
– 1 nil paid share credited as fully paid	(d)	–	–
Capitalisation of an amount due to Lizhong Limited ("Lizhong") of RMB12,436,000	(e)	1,000,000	7
Capitalisation issue credited as fully paid on the share premium account of the Company	(f)	400,000,000	2,637
Issued capital as at 31 December 2010		450,000,000	2,967
Issuance of new shares on 25 February 2011	(g)	150,000,000	989
Issuance of new shares on 30 March 2011	(h)	3,090,000	20
At 30 June 2011		603,090,000	3,976

Notes:

(a) On 5 May 2010, the authorised share capital was US$50,000 divided into 50,000,000 shares having a par value of US$0.001 each.

(b) Pursuant to a resolution passed on 17 December 2010, the authorised share capital of the Company was increased from US$50,000 to US$40,000,000 by the creation of 39,950,000,000 additional new shares of US$0.001 each.

(c) On 5 May 2010, one share was allotted and issued, at nil paid, to Codan Trust Company (Cayman) Limited, which was transferred to Lizhong on the same date.

(d) On 17 December 2010, the Company acquired from Lizhong an aggregate of 100 shares of HK$1 each in the share capital of Hong Kong Ao Shen, being its entire issued share capital, in consideration of and in exchange for which the Company (i) allotted and issued, credited as fully paid, an aggregate of 48,999,999 shares to Lizhong and (ii) credited as fully paid at par the one nil paid share then held by Lizhong (note (c)).

(e) On 17 December 2010, the Company issued and allotted 1,000,000 shares to Lizhong, credited as fully paid, in full satisfaction of the amount of part of the shareholder's loan for the principal amount of approximately RMB12,436,000 owed by Hong Kong Ao Shen to Lizhong.

(f) Pursuant to a resolution passed on 17 December 2010, 400,000,000 shares were allotted and issued at a par value of US$0.001 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 17 December 2010.

(g) In connection with the Company's initial public offering, 150,000,000 shares of US$0.001 each were issued at a price of HK$1.80 per share for a total cash consideration, before expenses, of approximately HK$270,000,000 on 25 February 2011. Dealings in these shares on the Stock Exchange commenced on 28 February 2011.

(h) On 30 March 2011, the Company issued and allotted 3,090,000 shares of US$0.001 each to Lizhong pursuant to the partial exercise of the Over-allotment Option (as defined in the prospectus issued by the Company dated 22 February 2011) by Oriental Patron Securities Limited at the price of HK$1.80 per share. For details, please refer to the announcement issued by the Company dated 30 March 2011.

16. OPERATING LEASE COMMITMENTS

The Group leases its office premises under operating lease arrangements. Leases for these properties are negotiated for terms of one to five years.

At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Within 1 year	3,631	2,901
After 1 year but within 5 years	2,314	3,133
	5,945	6,034

At 30 June 2011, the Company did not have any significant operating lease commitments.

17. RELATED PARTY TRANSACTIONS

The Group had the following material related party transactions during the period:

	Notes	Unaudited Six months ended 30 June 2011 RMB'000	Unaudited Six months ended 30 June 2010 RMB'000	Unaudited Three months ended 30 June 2011 RMB'000	Unaudited Three months ended 30 June 2010 RMB'000
Advertising agency fee to an associate	(a)	1,100	1,134	566	600
Advertising agency fee to a non-controlling shareholder of a subsidiary	(b)	1,041	974	516	478
Advertising fee to the holding company of a non-controlling shareholder of a subsidiary	(c)	3,055	2,931	1,873	1,966
Printing expenses reimbursed to a non-controlling shareholder of a subsidiary	(d)	2,920	1,930	1,364	1,014

Notes:

(a) The advertising agency fee was paid/payable to an associate, Beijing Phoenix Dragon Culture Media Company Limited, for the exclusive advertising agency rights of a magazine operated by the associate.

(b) The advertising agency fee was paid/payable to a non-controlling shareholder of a subsidiary for the exclusive advertising rights of certain magazines.

(c) The advertising agency fee was paid/payable to the holding company of a non-controlling shareholder of a subsidiary for the exclusive advertising rights of a newspaper.

(d) The printing expenses were paid to a non-controlling shareholder of a subsidiary based on actual costs incurred.

The above transactions are charged at a pre-determined rate mutually agreed by the parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business.

Pursuant to the deed of undertaking dated 17 December 2010 received from Lizhong, Lizhong agreed to bear the listing expenses except for the portion attributable to the listing of new shares of the Company under the placing (the "Placing") as detailed in the Prospectus of the Company dated 22 February 2011.

The related party transactions above also constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.