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

Annual Report 2013

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report. This report for which the directors (the "Directors") of China 33 Media Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	7
Corporate Governance Report	12
Biographical Details of Directors and Senior Management	23
Report of the Directors	28
Independent Auditors' Report	41
Consolidated Statement of Profit or Loss	43
Consolidated Statement of Comprehensive Income	44
Consolidated Statement of Financial Position	45
Consolidated Statement of Changes in Equity	47
Consolidated Statement of Cash Flows	49
Statement of Financial Position	51
Notes to Financial Statements	52
Five Year Financial Summary	112

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ruan Deqing
(Chairman with effect from 3 May 2013)
Mr. Lin Pintong
(former Chairman until 3 May 2013)
Mr. Han Wenqian *(Chief Executive Officer)*

Non-Executive Directors

Mr. Wang Fuqing
(formerly an executive Director; re-designated as non-executive Director on 19 July 2013)
Mr. Wang Jianqing

Independent Non-Executive Directors

Mr. Gao Xingbo
Mr. Feng Bing (resigned on 30 June 2013)
Mr. Chen Shaofeng
Ms. Xing Zhibin (retired on 3 May 2013)
Ms. Tay Sheve Li
(appointed on 30 September 2013)

LEGAL ADVISERS

As to Hong Kong law:

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

As to PRC law:

Jingtian & Gongcheng
34th Floor, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing
China

AUDITORS

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

COMPLIANCE ADVISER

Oriental Patron Asia Limited

AUTHORISED REPRESENTATIVES

Mr. Ruan Deqing
Mr. Lee Man Tai

COMPANY SECRETARY

Mr. Lee Man Tai, *FCCA, FCPA*

COMPLIANCE OFFICER

Mr. Ruan Deqing

AUDIT COMMITTEE MEMBERS

Ms. Tay Sheve Li
(Chairperson with effect from 30 September 2013)
Mr. Gao Xingbo
(former Chairman until 30 September 2013)
Mr. Feng Bing (resigned as member on 30 June 2013)
Mr. Chen Shaofeng
Mr. Wang Jianqing (appointed as member on 30 June 2013; resigned as member on 30 September 2013)

REMUNERATION COMMITTEE MEMBERS

Mr. Gao Xingbo *(Chairman)*
(formerly a member; appointed as Chairman on 30 June 2013)
Mr. Feng Bing
(former Chairman until 30 June 2013; resigned as Chairman and member on 30 June 2013)
Mr. Ruan Deqing
Mr. Chen Shaofeng
(appointed as member on 30 June 2013)

CORPORATE INFORMATION

NOMINATION COMMITTEE MEMBERS

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

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

Room 802, 8th Floor, Office Building A3
Xinyi Garden
Chongwen District
Beijing
China
(with effect from 31 March 2014:
12th Floor, Block B
Yonggui Centre
41 Guangqumennei Main Street
Dongcheng District
Beijing
China)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART XI OF THE COMPANIES ORDINANCE

Room 4215
Office Tower
Convention Plaza
No. 1 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong
(with effect from 31 March 2014:
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong)

WEBSITE ADDRESS

http://www.china33media.com

STOCK CODE

8087

CHAIRMAN'S STATEMENT

We are a channel media operator, focusing on **high-speed railway** in China

Mr. Ruan Deqing
Chairman

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China 33 Media Group Limited (the "Company"), I hereby present the audited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 (the "Year").

INDUSTRY REVIEW

In 2013, China economy recorded an overall steady growth with the GDP growth maintained at 7.7% driven by spurring domestic consumption put forth by the government. According to the market report prepared by Nielson, there was a gradual recovery from the bottom in the advertising market in China during the 2013, which would post a significant impact on the market afterwards. Whilst, the State Council of PRC convened the executive meetings and released "The Opinion relates to the Reform on the Investment System of the Railways and Acceleration of the Construction of Railways", promoting the re-construction railways work from central to the local governments. We believe that there is still ample room of development for railways in China, which will facilitate the operations of advertising business on the railway network, and will contribute as a positive stimulus on the sustainable development of the Group.

FINANCIAL HIGHLIGHTS

During the Year, the Group's revenue decreased from approximately RMB226,353,000 to RMB157,774,000, representing a decrease of 30.3% as compared to the corresponding period last year, on account of the publishing partners of the periodicals "Passengers" and "Resource" did not participate in the open tendering in the year which resulted in the cessation of publication, meanwhile, under the effect of which the management of the Group evaluated a low recoverability of certain receivables, advances and deposits. During the Year, the total comprehensive loss attributable to the owner of the Company was approximately RMB26,157,000, representing a decrease of approximately RMB81,866,000 or 75.8% from RMB108,023,000 as compared to the corresponding period last year.

CHAIRMAN'S STATEMENT

The Group experienced many difficulties and challenges in 2013. On one hand, the advertising analysis of 2013 showed that the orders placed by various industries on advertising had different levels of shrinkage. Periodicals suffered from a significant reduction of advertising, resulting in a decrease in income. The print media as a whole is facing fierce challenges. On the other hand, the Group adjusted its business, for instance, the two periodicals, "Passengers" and "Resource", ceased the publication at January 2013, the operation regarding to the pillow sheets, folding tables and poster frames on certain routes of CRH railways was expired at February 2013 and ceased, and as well as the phase-out of audio advertising upon the expiry of existing advertising contracts with customers by March 2013.

BUSINESS REVIEW

Being as a dominant channel media provider for China's high-speed railway network, the Group covers printed media, outdoor media and television media. The Group's competitive edges are reflected from its management and sales teams, which have extensive experiences in the advertising and media business, and are capable to apprehend and satisfy needs of different advertising customers and media industries. We will proactively capture opportunities arising in the market to drive the development of the Group's business along the rapid development of high-speed railway network in China.

In order to enhance the business of the print media, the Group obtained an exclusive right of operation, production and advertising of "東方養生" (Ever Green), a publication distributed on first class cabins of Hainan Airlines and selected hotels in January 2013. Hence, the Group had secured a new media channel for its printed media advertising business. This also strengthened high-end customer base and provided additional income to the Group. Furthermore, the Group obtained joint-venture right for the operation of "上海鐵道" (Shanghai Railway), a monthly journal distributed on high-speed railways operated by Shanghai Ministry of Railway at 3 April 2013; and obtained cooperation rights with "都市生活" (City Life), a periodical publication distributed on passenger trains and/or CRH trains in the PRC at 13 May 2013. These could also expand the Group's advertising platforms and broaden its customer base.

As at 31 December 2013, regarding to the outdoor media, the Group had installed and operated the billboards and LEDs advertisements at 49 selected train stations operated by five railway bureaus, including Harbin-Dalian High-Speed Railway which commenced its operation not long ago. During the Year, the Group installed billboards, LEDs and related facilities at several stations, and entered into advertising contracts with several customers. These projects will bring revenue to the Group and further strengthen our business coverage. In addition to the advertising business through railway, we will continue to identify more advertising spaces on the air traffic control towers at the civil airports which are currently operated by the Group in order to expand the Group's outdoor business.

PROSPECTS

Looking ahead, the Group will endeavor to maintain the growth of our existing businesses and expand into diversified new businesses. With the commencement of the four main railway routes, namely Beijing-Shijiazhuang railway, Shijiazhuang-Wuhan railway, Ningbo-Hangzhou railway and Harbin-Dalian railway in the future, the Group will also increase the number of route-specific supplements of our printed media, which will be instrumental to the Group's sustainable growth in the development of advertising business on the railway network in China. Moreover, the Group will continue to establish sales offices in different cities in the PRC to expand our sales network, as well as to strengthen our sales and advertising teams.

CHAIRMAN'S STATEMENT

As part of our diversified business development strategy, the Group entered into the cooperation agreement with Beijing Ouguan Business Service Limited ("Beijing Ouguan"), which engages in media production, at September 2013, for the joint investment, production, marketing and distribution of a movie. Pursuant to the cooperation agreement, the Group and Beijing Ouguan shall each invest RMB30 million, with a total investment amount of RMB60 million. Through engaging in movie business, the Group can expand its business platform and expose itself to a wider scope of potential clients with the rapid development of movie industry. The Group believes that the movie together with its ancillary products and marketing activities would provide more advertising channels, and bring additional revenue and business.

In order to expand into advertising business related to television, the Group cooperated with a directly owned subsidiary of China Central Television ("CCTV"), and obtained the production rights of "Geographic China", one of the programmes of CCTV's Science & Education Channel (CCTV-10). This cooperation will further expand the Group's advertising platforms and customer base. It is expected that this new business can attract high-end advertising customers and generate substantial revenue for the Group in the coming years.

Looking ahead, we will continue to leverage the Group's competitive advantages in seeking potential of mergers and acquisitions so as to achieve growth from synergy in operations and to develop a more diversified advertising platform.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank the management and all the staff for their hard work and dedication to the Group, as well as the shareholders and customers for their support over the years. The management is confident in achieving better results in the future, creating added value for the Group, shareholders and all staff.

Ruan Deqing
Chairman

Hong Kong, 24 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

REVENUE BY SEGMENT

Analysis of revenue by segment is as follows:

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

Printed Media Advertising

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

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

Outdoor Advertising

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

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

Audio Advertising

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

Revenue from audio advertising decreased by approximately RMB7,356,000 or 95.2% from approximately RMB7,726,000 last year to approximately RMB370,000 for the Year. The decrease was mainly resulted from the phase-out of audio advertising upon the expiry of the then existing advertising contracts with customers by March 2013.

SEGMENT RESULTS AND PROFIT/(LOSS) MARGIN OF SEGMENT

Analysis of segment results is as follows:

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

During the Year, the segment results of printed media advertising recorded a segment profit of approximately RMB54,300,000, representing a decrease of approximately 21.7% as compared with approximately RMB69,364,000 for last year. Segment results of outdoor advertising recorded a segment profit of approximately RMB12,696,000 for the Year while it recorded a segment loss of approximately RMB18,953,000 last year which was mainly resulted from the full amortisation of agency fee, maintenance fees and media service fees paid for the advertisement project on headrest cover sheets, folding tables and poster frames on CRH trains by the fourth quarter of 2012, which no longer affects the Year. Audio advertising recorded a segment loss of approximately RMB1,488,000 for the Year as compared with approximately RMB888,000 last year. In overall, there was an increase in segment results of approximately RMB15,985,000, representing an increase of approximately 32.3% or approximately RMB65,508,000 from approximately RMB49,523,000 as compared to that of last year.

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

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

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

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

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

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

Other Income/(Expense) and Gains, Net

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

Cost of Sales

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Other Operating Expenses

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

Income Tax Expense

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

Liquidity and Financial Resources

As at 31 December 2013, the Group's cash and cash equivalents, including bank deposits and cash in hand, and short-term bank deposits with original maturities not exceeding three months, amounted to approximately RMB105,459,000, representing a net decrease of approximately RMB26,778,000 as compared to the position as at 31 December 2012.

As at 31 December 2013, the current ratio was approximately 2.86 (2012: 3.24) and the gearing ratio of the Group was approximately 0.34 (2012: 0.45) which was calculated based on the Group's net debt divided by the equity attributable to owners of the Company plus net debt. The Group satisfied its working capital needs principally from internally generated cash flow from operating activities.

Pledge of Assets

As at 31 December 2013, the Group has no assets pledged for bank borrowings or for other purpose (2012: Nil).

Contingent Liabilities

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

Capital Commitments

As at 31 December 2013, save as disclosed in note 34 to the financial statements, the Group did not have any significant capital commitments.

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

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

Capital Structure

During the Year, the Group had net assets of approximately RMB205,606,000 (2012: RMB234,863,000), comprising non-current assets of approximately RMB81,603,000 (2012: RMB68,574,000), and current assets of approximately RMB190,788,000 (2012: RMB241,427,000). The Group recorded a net current asset position of approximately RMB124,075,000 (2012: RMB166,853,000), which primarily consists of cash and bank equivalents amounted to approximately RMB115,809,000 (2012: RMB142,587,000), trade receivables amounted to approximately RMB40,603,000 (2012: RMB43,409,000) and prepayments, deposits and other receivables amounted to approximately RMB34,376,000 (2012: RMB35,356,000). Major current liabilities are trade payables and other payables and accruals amounted to approximately RMB31,896,000 (2012: RMB30,214,000) and approximately RMB30,023,000 (2012: RMB42,066,000), respectively. The Group has no bank borrowings.

Foreign Exchange Risk

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

Human Resources

As at 31 December 2013, the Group employed a total of 446 employees (2012: 798 employees) situated in the PRC. Such decrease was primarily attributable to the closure of three branch offices in the PRC as a result of the halt of distribution of "旅客報" (Passengers). The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the year under review, the total staff costs (including Directors' emoluments) amounted to approximately RMB48,495,000 (2012: RMB81,010,000).

Material Acquisition and Disposal

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Recognising the importance of a listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance and to comply, to the extent practicable, with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"). Save as disclosed below, the Directors consider that the Company has complied with the Code during the year ended 31 December 2013. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders of the Company and investors.

Pursuant to Paragraph E.1.2 of the Code, the chairman of the Board should attend the annual general meeting. Due to other business engagement, Mr. Lin Pintong, the then chairman of the Board who resigned as chairman of the Board with effect from the conclusion of annual general meeting on 3 May 2013 ("2012 AGM"), did not attend the 2012 AGM and Mr. Ruan Deqing, an executive Director acted as chairman of the annual general meeting to answer questions raised by the shareholders.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the code of conduct and required standard of dealings concerning securities transactions by the directors during the year ended 31 December 2013.

BOARD COMPOSITION

The Board comprises the following Directors:

Executive Directors

Mr. Ruan Deqing *(Chairman with effect from 3 May 2013)*
Mr. Lin Pintong *(former Chairman until 3 May 2013)*
Mr. Han Wenqian *(Chief Executive Officer)*

Non-Executive Directors

Mr. Wang Fuqing (formerly an executive Director; re-designated as non-executive Director on 19 July 2013)
Mr. Wang Jianqing

Independent Non-Executive Directors

Mr. Gao Xingbo
Mr. Feng Bing (resigned on 30 June 2013)
Mr. Chen Shaofeng
Ms. Xing Zhibin (retired on 3 May 2013)
Ms. Tay Sheve Li (appointed on 30 September 2013)

The biographical details of the Directors and other senior management are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 23 to 27 in this annual report. The composition of the Board is well balanced. Each of the Directors has relevant expertise and extensive corporate and strategic planning experiences that can contribute to the business of the Group. During the year ended 31 December 2013, the Company has complied with Rules 5.05(2) of the GEM Listing Rules which requires at least one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise. During year ended 31 December 2013, save as disclosed below, the Company has complied with Rules 5.05A and 5.05(1) of the GEM Listing Rules. Reference is made to the announcements of the Company dated 2 July 2013 and 30 September 2013 in relation to, among others, the resignation and appointment of independent non-executive Director of the Company. Following the resignation of Mr. Feng Bing as independent non-executive Director with effect from 30 June 2013, the Board had two independent non-executive Directors only, as such (i) the number of which fell below the minimum number of three independent non-executive directors pursuant to Rule 5.05(1) of the GEM Listing Rules; and (ii) the number of which fell below the requirement that an issuer must appoint independent non-executive directors representing at least one-third of the board pursuant to Rule 5.05A of the GEM Listing Rules. To remedy such non-compliance, the Board has appointed Ms. Tay Sheve Li as an independent non-executive Director with effect from 30 September 2013, pursuant to which the number of independent non-executive Director of the Company has met the minimum number of independent non-executive directors as required under Rule 5.05(1) or Rule 5.05A of the GEM Listing Rules. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Board has received an annual confirmation of independence from each of the Independent Non-Executive Directors. The Company considers all the Independent Non-Executive Directors to be independent.

THE BOARD

The Board is responsible for the leadership and control of, and promoting the success of the Group. This is achieved by setting up corporate and strategic objectives and policies, and the monitoring and evaluating operating activities and financial performance of the Group.

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

There is no relationship, including financial, business, family or other material/relevant relationship(s) among members of the Board and between the Chairman and the Chief Executive Officer ("CEO") of the Company.

RESPONSIBILITIES AND DELEGATION OF FUNCTIONS

The Company has formalised and adopted written terms on the division of functions reserved to the Board and those delegated to the management. The Board reserves for its decision on all major matters of the Group, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary (the "Company Secretary") and senior management of the Company, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request being made to the Board. The day-to- day management, administration and operations of the Company are delegated to the CEO and senior management of the Company. The Board has delegated a schedule of responsibilities to these officers for the implementation of Board's decisions. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board's approval.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to Paragraph A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. To ensure a balance of power and authority, the Company fully supports the division of responsibility between the Chairman and the CEO. The roles of the Chairman and the CEO are segregated and performed by Mr. Ruan Deqing (with effect from 3 May 2013, formerly by Mr. Lin Pintong until his resignation as Chairman on 3 May 2013, and Mr. Han Wenqian, respectively.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of Mr. Lin Pintong, Mr. Ruan Deqing and Mr. Han Wenqian, being all the Executive Directors, has entered into a service contract and supplement service contract with the Company for an initial term of three years with effect from 17 December 2010 and 11 November 2013, respectively, all of which shall be automatically reserved and extended for successive terms of one year unless and until terminated by not less than three months' prior notice in writing served by either party on the other or by payment of three months' fixed salary in lieu of such notice at the end of the initial term or at any time thereafter.

Mr. Wang Jianqing, being a Non-Executive Director and each of Mr. Gao Xingbo, Mr. Feng Bing (who resigned on 30 June 2013), Mr. Chen Shaofeng, and Ms. Xing Zhibin (who retired on 3 May 2013), being Independent Non-Executive Directors has entered into an appointment letter with the Company for a term of one year commencing from 17 December 2010. Mr. Wang Fuqing, formerly an executive Director; re-designated as non-executive Director on 19 July 2013, has entered into an appointment letter with the Company for a term of one year commencing from 19 July 2013 and Ms. Tay Sheve Li, being an Independent Non-Executive Director, has entered into an appointment letter with the Company for a term of one year commencing from 30 September 2013. The aforementioned appointment letter for each of the non-executive Directors and independent non-executive Directors is for a term of one year which shall be automatically renewed and extended for successive terms of one year and may be terminated after the initial term by either party by giving at least three months' written notice. The appointments are subject to the provisions of the articles of association with regard to vacation of office of directors, removal and retirement by rotation of directors.

The Directors are subject to retirement by rotation in accordance with the Company's articles of association. According to the Company's articles of association, one-third of the Directors are required to retire from office at each annual general meeting, provided that every director shall be subject to retirement by rotation at least once every three years. The Directors to retire every year shall be those who have been longest in office since their last re-election or appointment.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "Board Diversity Policy") on 12 August 2013 in compliance with Paragraph A.5.6 of the Code. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

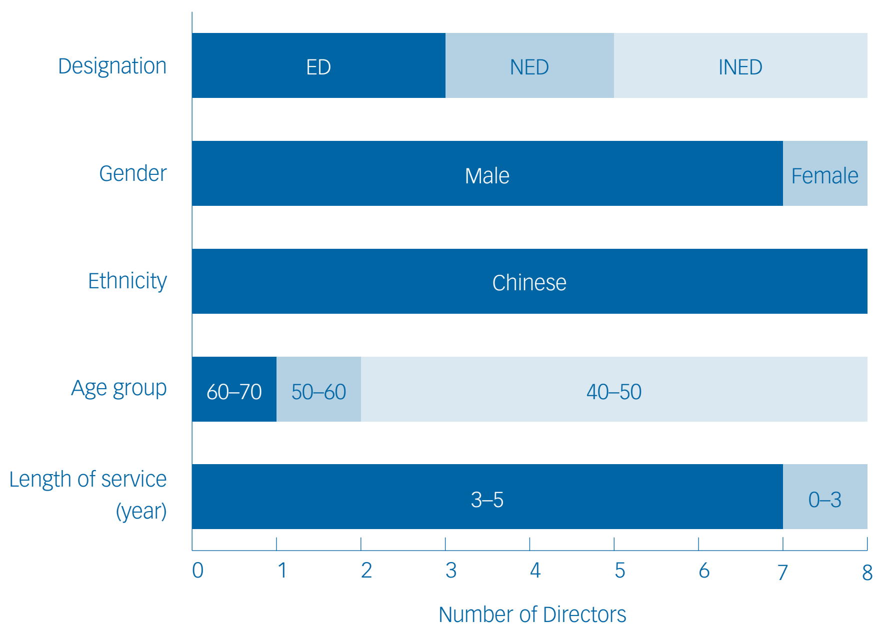
Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aims at setting out the approach to achieve diversity of the Board. In determining the Board's composition, difference in the skills, regional and industry experience, background, race, gender and other qualities of Directors will be taken into account. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regards to the benefits of diversity of the Board.

Measurable objectives

For the purpose of implementing the Board Diversity Policy, the Board has adopted and the Company has achieved a range of measurable objectives set out below, including but not limited to gender, ethnicity, age and length of services. As at the date of this report, the Board's composition under major diversified perspectives was summarised as follows:

Board Diversity



INED: Independent Non-Executive Director
NED: Non-Executive Director
ED: Executive Director

Implementation and monitoring

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy since its adoption on 12 August 2013. The Nomination Committee will review the Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy annually.

BOARD MEETING, GENERAL MEETING AND PROCEDURES

For the year ended 31 December 2013, the Board convened a total of seven Board meetings. The following is the Directors' attendance record of the board meetings held by the Board and the general meeting of the Company:

	Number of attendance/ number of Board meeting	Number of attendance/ number of general meeting
Mr. Lin Pintong	7/7	0/1
Mr. Ruan Deqing	7/7	1/1
Mr. Han Wenqian	7/7	0/1
Mr. Wang Fuqing	7/7	0/1
Mr. Wang Jianqing	6/7	0/1
Mr. Gao Xingbo	7/7	1/1
Mr. Feng Bing (resigned on 30 June 2013)	4/4	0/1
Mr. Chen Shaofeng	7/7	0/1
Ms. Xing Zhibin (retired on 3 May 2013)	1/1	0/1
Ms. Tay Sheve Li (appointed on 30 September 2013)	1/1	0/0

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly.

Schedules for annual Board meeting and draft agenda of each Board meeting are sent to all Directors in advance. Notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Company Secretary is responsible to keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final versions are open to Director for inspection. The Company's articles of association contains provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors of the Company. All Directors have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. Continuing briefings and professional development to Directors will be arranged whenever necessary.

For the financial year ended 31 December 2013, all Directors had participated in continuous professional development in the following manner in compliance with Paragraph A.6.5 of the Code:

	Type of trainings
Mr. Lin Pintong	A, C
Mr. Ruan Deqing	A, C
Mr. Han Wenqian	A, C
Mr. Wang Fuqing	C
Mr. Wang Jianqing	C
Mr. Gao Xingbo	C
Mr. Feng Bing	C
Mr. Chen Shaofeng	C
Ms. Xing Zhibin	C
Ms. Tay Sheve Li	B, C

A: attending internal briefing session in relation to corporate governance

B: attending seminars/courses/conference to develop professional skills and knowledge

C: reading materials in relation to regulatory update

BOARD COMMITTEES

As at 31 December 2013, the Board has established three board committees, namely the audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee"), with written terms of reference which are available for viewing on the website of the Stock Exchange and the Company to assist them in the efficient implementation of their functions. Specific responsibilities have been delegated to the above committees.

AUDIT COMMITTEE

The Company established the Audit Committee on 17 December 2010 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; to assess the internal control of the Company; and to perform the corporate governance functions under Paragraph D.3.1 of the Code.

As at 31 December 2013, the Audit Committee has three members comprising Ms. Tay Sheve Li (Chairperson), Mr. Gao Xingbo, and Mr. Chen Shaofeng. During the year ended 31 December 2013, the Audit Committee had held four meetings to review the final results of the Group for 2012, the 2012 annual report of the Company, the 2013 interim results and report of the Company and the quarterly results and report for the periods ended 31 March 2013 and 30 September 2013, the Group's internal controls for the year and corporate governance of the Group. The Group's final results for the year ended 31 December 2013 had been reviewed by the Audit Committee before submission to the Board for approval. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

The attendance of each member of the Audit Committee is set out in the following table:

	Number of attendance/ number of meeting
Mr. Gao Xingbo (Chairperson until 30 September 2013)	4/4
Mr. Feng Bing (resigned as Director on 30 June 2013)	2/2
Mr. Chen Shaofeng	4/4
Mr. Wang Jianqing (appointed as member of the Audit Committee on 30 June 2013 and resigned as member of the Audit Committee on 30 September 2013)	1/1
Ms. Tay Sheve Li (Chairperson) (appointed on 30 September 2013)	1/1

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 17 December 2010 with written terms of reference in compliance with the Code. The primary duties of the Remuneration Committee include mainly: (i) reviewing the terms of the remuneration package of each director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive directors for determining the amount of bonus (if any) payable to them. No director shall participate in any discussion about his or her own remuneration.

As at 31 December 2013, the Remuneration Committee has three members comprising Mr. Gao Xingbo (Chairman), Mr. Ruan Deqing and Mr. Chen Shaofeng. The remuneration of the directors was determined with reference to their respective experience, responsibilities with the Group and general market conditions. During the year ended 31 December 2013, four meetings of the Remuneration Committee were held to review the remuneration package of the directors and senior management of the Group.

The attendance of each member of the Remuneration Committee is set out in the following table:

	Number of attendance/ number of meeting
Mr. Feng Bing (Chairman and member until 30 June 2013)	1/1
Mr. Ruan Deqing	4/4
Mr. Gao Xingbo (Chairman) (appointed on 30 June 2013)	4/4
Mr. Chen Shaofeng (appointed on 30 June 2013)	3/3

NOMINATION COMMITTEE

The Company established the Nomination Committee on 17 December 2010 with written terms of reference in compliance with the Code. The written terms of reference of the Nomination Committee which have been revised on 12 August 2013 to incorporate duty of the Nomination Committee to promote diversity of the Board as required in new code provision of the Code with effect from 1 September 2013 has been posted on the GEM website and the Company's website. The primary duties of the Nomination Committee include the review of the structure, size and composition (including the skills, knowledge and experience) of the Board on at least annually and to make recommendations on any proposed change to the Board to complement the Company's corporate strategy, identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors and make recommendation to the Board on the policy concerning the diversity of Board members. In reviewing and recommending the appointment of new directors, the Nomination Committee would seek to identify the competencies required to enable the Board to fulfill its responsibilities. The resume or document of the nominee or candidate will be given to the Nomination Committee for consideration. The Nomination Committee has adopted a process for selection and appointment of new directors which provides the procedure for identification of potential candidates, evaluation of the suitability of the candidate based on his qualifications, skills, knowledge, business and related experience, commitment, ability to contribute to the Board and such qualities and attributes that may be required by the Board.

The Nomination Committee has three members comprising Mr. Chen Shaofeng (Chairman), Mr. Lin Pintong and Mr. Gao Xingbo. During the year ended 31 December 2013, four meetings of the Nomination Committee was held to review the structure, composition of the Board and the succession plan for the Board. Please refer to the paragraph headed "Board Diversity Policy" of this corporate governance report for details of the board diversity policy adopted by the Board and the progress on achieving the measurable objectives to implement the board diversity policy. All members of the Nomination Committee attended the meeting.

The attendance of each member of the Nomination Committee is set out in the following table:

	Number of attendance/ number of meeting
Mr. Chen Shaofeng (Chairman)	4/4
Mr. Lin Pintong	4/4
Mr. Gao Xingbo	4/4

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial year and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The statement by the auditors of the Company about their responsibilities for the financial statements is set out in the independent auditors' report contained in this annual report. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REMUNERATION

The amount of fees charged by the auditors generally depends on the scope and volume of the auditors' work. During the year ended 31 December 2013, the remuneration paid or payable to the auditors of the Company in respect of the statutory audit services was approximately RMB1,685,000. No non-audit services provided by the auditors of the Company during the year.

INTERNAL CONTROL

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets. The internal control system of the Group aims to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management of the Group shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

The Board has conducted review of its internal control system to ensure an effective and adequate internal control system in place. The Directors consider that the Company has implemented a series of procedures for safeguarding the Company's assets against unauthorized use or misappropriation, maintaining accounting records properly and ensuring the reliability of financial information.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through annual general meeting, publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.china33media.com and meetings with investors and analysts.

SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholder's interest and rights, separate resolutions can be proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the GEM website and the Company's website after the relevant shareholders' meeting.

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to article 64 of the articles of association of the Company, an extraordinary general meeting of the Company ("EGM") may be convened by the Board on requisition of one or more shareholders (the "Requisitionist(s)") holding at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meeting (the "Requisition"). Such Requisition shall be made in writing to the Directors or the Company Secretary and sent to the Company's principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" of this annual report). For the purpose of requiring an EGM to be called by the Directors, such Requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists. The EGM shall be held within two months after the deposition of such Requisition. If the Board fails to proceed to convene such EGM within 21 days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for raising enquiries

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this annual report).

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" of this annual report).

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Procedures and contact details for putting forward proposals at shareholders' meetings

To put forward proposals at a general meeting of the Company, shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information to the Company's principal place of business in Hong Kong (details of which are set out in the section headed "Corporate Information" of this annual report).

The identity of such shareholder and his/her/its request will be verified with the Company's Hong Kong share registrar and upon confirmation by the Hong Kong share registrar that the request is proper and in order and made by a shareholder of the Company, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

The notice period to be given to all the shareholders of the Company for consideration of the Proposal raised by such shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires approval in an annual general meeting;

(2) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of a special resolution in an extraordinary general meeting; and

(3) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval in an extraordinary general meeting other than by way of a special resolution of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ruan Deqing (阮德清), aged 49, is the Chairman and an Executive Director and is responsible for the operating and financial matters of the Group. He also acts as the compliance officer of the Group. Mr. Ruan was appointed as a Director on 5 May 2010. Mr. Ruan graduated from the Zhengzhou Institute of Railway Mechanics (鄭州鐵路機械學校) in 1986 and obtained an Adult Education Diploma in Advertising from the Xiamen University (廈門大學) in July 2000. Mr. Ruan has more than ten years of experience in the advertising industry. Prior to co-founding the Group with Mr. Lin, Mr. Ruan worked as a technician of the locomotive depot in Fuzhou of Nanchang Railway Bureau (南昌鐵路局福州機務處) during the period from 1986 to 1997. During the period from 1997 to 1999, Mr. Ruan worked at Fujian Huashui Advertising and Decorating Company Limited (福建華稅廣告裝潢有限公司). Mr. Ruan was the general manager of Fujian Annual Ring Advertisement Co., Ltd. (福州年輪廣告有限公司) during the period from 1999 to 2002. From August 2002 to April 2010, Mr. Ruan was the general manager of Fujian Ao Shen Media Advertising Co., Ltd. (福建省奧神傳媒廣告有限責任公司). In the three years preceding the date of this annual report, Mr. Ruan did not hold any directorship in other listed public companies in Hong Kong or overseas. Mr. Ruan is currently a director of Lizhong Limited and Joint Loyal Limited, which have an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares of the Company" in this annual report.

Mr. Lin Pintong (林品通), aged 48, is an Executive Director of the Company. He is responsible for the overall business operations of the Group and formulation of business development strategies. Mr. Lin was appointed as a Director on 5 May 2010. Mr. Lin graduated from the Fujian Agriculture and Forestry University (福建農林大學) (then known as Fujian Agriculture University (福建農學院)) with a bachelor's degree in agricultural mechanics in 1985. Mr. Lin was a teacher at Chengguan Middle School in Shou'ning County (壽寧縣城關中學) of Fujian Province during the period from August 1985 to August 1989, and a staff member of Economic Institution Reform Committee of Shou'ning County (壽寧縣經濟體制改革委員會) during the period from September 1989 to December 1989. Mr. Lin has 18 years of experience in the advertising and media industry and has an in-depth knowledge on the media/advertising industry in China. Prior to co-founding the Group with Mr. Ruan, Mr. Lin worked as a journalist for Mindong Newspaper Office (閩東報社) during the period from 1990 to 1992 and for Hong Kong Commercial Daily (香港商報) from 1992 to 1999. From 1999 to 2002, Mr. Lin was the Chairman of Fujian Annual Ring Advertisement Co., Ltd. (福州年輪廣告有限公司). Since 2002, Mr. Lin has participated in the management of Fujian Ao Shen Media Advertising Co. Ltd. (福建省奧神傳媒廣告有限責任公司) ("Fujian Aoshen") and Beijing Lvban Media Advertising Co., Ltd. (北京旅伴傳媒廣告有限公司) ("Beijing Lvban"). In the three years preceding the date of this annual report, Mr. Lin did not hold any directorship in other listed public companies in Hong Kong or overseas. Mr. Lin is currently a director of Lizhong Limited and Broad Win Limited, which have an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares of the Company" in this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Han Wenqian (韓文前), aged 45, is the Chief Executive Officer and an Executive Director and oversees the sales and marketing activities of the Group. Mr. Han was appointed as a Director on 17 December 2010. He is responsible for overseeing the sales and marketing activities of the Group. Mr. Han graduated from Department of Chinese Language and Literature from Wuhan University (武漢大學) with a bachelor's degree in Chinese language and literature in1991. Prior to joining us in 2007, Mr. Han was a freelance worker during the period from 1991 to 1993. Mr. Han then joined Nanfang Advertising Company (南方廣告公司) in 1993. During the period from 1993 to 1996, Mr. Han worked at Yangcheng Evening News Jinyang Advertising Company Limited (羊城晚報金羊廣告公司) and from 1997 to 2000 at Guangdong Zhong Lian Advertising Company Limited (廣東中聯廣告公司). Mr. Han was a deputy general manager focusing on advertisement and distribution in Nanfang City News (南方都市報) and a general manager of the advertising department in Guangzhou during the period from 2001 to 2003. During the period from 2003 to 2007, Mr. Han was a member of executive committee and general manager of Beijing News (新京報社) and a director and general manager of Beijing News Media Co., Ltd. (北京新京報傳媒有限責任公司). In the three years preceding the date of this annual report, Mr. Han did not hold any directorship in other listed public companies in Hong Kong or overseas. Mr. Han is currently a director of Lizhong Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares of the Company" in this annual report.

Non-Executive Directors

Mr. Wang Fuqing (王福清), aged 46, was appointed as a non-executive Director on 17 December 2010 and re-designated as executive Director on 1 June 2012. On 19 July 2013, he was re-designated as a non-executive Director (details of which are set out in the announcement of the Company dated 19 July 2013). Mr. Wang obtained a bachelor's degree in agricultural economics and administration and a master degree in agricultural economics and administration in 1987 and 1992 respectively, from the Fujian Agriculture and Forestry University (福建農林大學) (then known as Fujian Agriculture University (福建農學院)). Mr. Wang worked at Fujian Agriculture General Development Co., Ltd. (福建省農業綜合開發公司) during the period from 1992 to 1994. Mr. Wang has nearly ten years of experience in the securities and brokerage industry. He worked at the investment banking department of Fujian Industrial Securities Co., Ltd. (福建興業證券公司) from 1994 to 1995 and worked for China Merchants Securities Co., Ltd. (招商證券股份有限公司) in China during the period from 1995 to 2004. During the period from 2004 to 2006, Mr. Wang was the Executive Director of Shenzhen Mindray Bio-medical Electronics Co., Ltd. (深圳邁瑞生物醫療電子股份有限公司) and was responsible for overseeing the capital market activities of the company. Since 2006, Mr. Wang is the general manager of Shenzhen Hui Jie Investment Company Ltd. (深圳市匯傑投資有限公司) and a director of Make Sense Group Limited. In the three years preceding the date of this annual report, Mr. Wang did not hold any directorship in other listed public companies in Hong Kong or overseas. Mr. Wang is currently a director of Make Sense Group Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares of the Company" in this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Jianqing (王建青), aged 42, was appointed as a Non-Executive Director on 17 December 2010. Mr. Wang studied industrial accounting at the Fujian Zhonghua Professional University (福建中華職業大學) during the period from 1990 to 1993 and is a qualified PRC accountant. During the period from 1993 to 1997, Mr. Wang was an accountant at the finance department of Fujian Aquatic Products Supply Co., Ltd. (福建省水產物資供應公司). Mr. Wang was the manager of finance department of Fujian Lianyun Huarong Co., Ltd. (福建省聯運華榮有限公司) during the period from 1997 to 2000, and was the deputy manager of finance department of Fujian Yangzhenghua 851 Bio-technology Co., Ltd. (福建楊振華851生物科技股份有限公司) during the period from 2000 to 2003. During the period from 2003 to 2007, Mr. Wang was the senior manager of the finance department of Fujian Wanglong Computer and Internet Information Technologies Co., Ltd. (福建網龍計算機網絡信息技術有限公司). Mr. Wang is the General Manager of the risk control department of Sequedge (Fujian) Information Technology Development Co., Ltd. (星際(福建)信息科技發展有限公司) since 2008. In the three years preceding the date of this annual report, Mr. Wang did not hold any directorship in other listed public companies in Hong Kong or overseas.

Independent Non-Executive Directors

Mr. Gao Xingbo (高興波), aged 50, is an Independent Non-Executive Director appointed on 17 December 2010. Mr. Gao graduated from Liaoning Institute of Finance and Economics (遼寧財經學院) and obtained a bachelor's degree in economics in 1985 and obtained a master degree in economics from North East University of Finance and Economics (東北財經大學) in 1988. Mr. Gao also obtained a doctor degree in quantitative economics from Central University of Finance and Economics (中央財經大學) in 2009. Since 1988, Mr. Gao has been teaching economics, managerial economics and statistics at Central Institute of Finance (中央財政金融學院) (currently known as (中央財經大學)). In 2003, Mr. Gao became the vice president of the School of Economics of the Central University of Finance and Economics (中央財經大學) and is currently the vice president of the School of Statistics, professor and an analyst of the Securities and Futures Institute of the university. In the three years preceding the date of this annual report, Mr. Gao did not hold any directorship in other listed public companies in Hong Kong or overseas.

Mr. Chen Shaofeng (陳少峰), aged 49, is an Independent Non-Executive Director appointed on 17 December 2010. Mr. Chen graduated from the Department of Political Education of Fujian Normal University (福建師範大學政治教育系) with a bachelor's degree in education in 1984 and obtained a master degree in philosophy from the Department of Philosophy of Nanjing University (南京大學哲學系) in 1987. Mr. Chen also obtained a doctor degree in philosophy from the Department of Philosophy of Peking University (北京大學) in 1991. Mr. Chen was a postdoctoral research fellow at the Institute of Sociology of Peking University (北京大學社會學研究所) during the period from 1991 to 1993. During 1993 to 2000, Mr. Chen was an assistant professor of the Department of Philosophy of Peking University (北京大學哲學系) and is one of the professors of the department since 2000. Mr. Chen is currently the vice president of the Institute for Culture Industries of Peking University (北京大學文化產業研究院). In the three years preceding the date of this annual report, Mr. Chen did not hold any directorship in other listed public companies in Hong Kong or overseas.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Tay Sheve Li (鄭雪莉), aged 41, is an Independent Non-Executive Director appointed on 30 September 2013. Ms. Tay graduated from the University of Strathclyde, United Kingdom, in July 1994 with a bachelor's degree in arts majoring in accounting and finance and received her master's degree in applied finance from University of Western Sydney in September 2004. Since 2002, Ms. Tay has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. Ms. Tay has over 15 years of experience in accounting and auditing experience. From November 1997 to September 2007, she worked at Ernst & Young as a senior manager in audit assurance. From October 2007 to September 2010, Ms. Tay worked at Ernst & Young as a senior manager in the finance department. From October 2010 to June 2011, Ms. Tay was the president of finance and capital management department in Centron Telecom International Holding Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 1155). From November 2011 to January 2014, Ms. Tay was an independent non-executive director of National United Resources Holdings Limited (formerly known as China Outdoor Media Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 254). Ms. Tay is currently an independent non-executive director of Grand Concord International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 844). Ms. Tay is the Independent Non-Executive Director who has the qualifications and experience (as mentioned above) to meet the requirements under Rule 5.05(2) of the GEM Listing Rules. Save as disclosed herein, In the three years preceding the date of this annual report, Ms. Tay did not hold any directorship in other listed public companies in Hong Kong or overseas.

Mr. Feng Bing (馮竝), aged 69, was an Independent Non-Executive Director appointed on 17 December 2010 and resigned on 30 June 2013. Mr. Feng graduated from the Academy of Social Sciences (社會科學院) in 1982 and obtained a master degree in literature. Mr. Feng worked as an editor at the People's Daily (人民日報) from 1982 to 1983 and at China Labour Magazine (中國勞動雜誌) (the magazine published by the Ministry of Labour and Social Security of the PRC (中華人民共和國勞動和社會保障部)) during the period from 1983 to 1984. From 1984 to 1992, Mr. Feng was an editor at the Economic Daily (經濟日報社). During the period from 1992 to 1995, Mr. Feng was the deputy Secretary General of the former National Economic System Reform Commission (國家經濟體制改革委員會). In late 1995, Mr. Feng returned to Economic Daily (經濟日報社) and was the deputy editor until 2001 and then as the editor of the Economic Daily (經濟日報社) from 2001 to 2005, Mr. Feng continued to serve the Economic Daily (經濟日報社) until his retirement in 2009. Mr. Feng was awarded the 4th Outstanding Journalist (韜奮新聞獎) on 13 September 2000. Mr. Feng is currently the Chairman of China's Economic Press Association (中國經濟報刊協會), the vice executive chairman of the China's Entrepreneur Association (中國企業家協會) and China's Enterprises Federation (中國企業聯合會) and a member of the tenth National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會). Mr. Feng also teaches doctoral students at the Wuhan University (武漢大學). In the three years preceding the date of this annual report, Mr. Feng did not hold any directorship in other listed public companies in Hong Kong or overseas.

Ms. Xing Zhibin (邢質斌), aged 65, was an Independent Non-Executive Director appointed on 17 December 2010 and retired on 3 May 2013. Ms. Xing was a newscaster and a professor level trainer in broadcasting at China Central Television (中國中央電視台) during the period from 1975 to 2009. Ms. Xing graduated from College of Journalism of All-China Journalist Association (中國記協職工新聞學院) in 1987 majoring in journalism. In the three years preceding the date of this annual report, Ms. Xing did not hold any directorship in other listed public companies in Hong Kong or overseas.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Lee Man Tai (李文泰), aged 37, joined the Group in October 2012 and is the Chief Financial Officer and Company Secretary. Mr. Lee is responsible for the preparation of the Group's financial statements as well as developing and implementing effective financial policies and control procedures for the Group. Mr. Lee graduated from Lingnan University (嶺南大學) in 2000 with a bachelor's degree in business of administration and obtained a master's degree of business of administration in financial services from The Hong Kong Polytechnic University (香港理工大學) in 2010. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lee has over ten years of professional experience in accounting and auditing. Mr. Lee worked with Victor W.N. Ngai & Co CPA (魏穎楠會計師事務所), from June 2000 to July 2001. He then worked with Grant Thornton CPA (均富會計師行) (then known as BDO Limited (香港立信德豪會計師事務所有限公司)) from September 2001 to April 2006. Before joining the Company, from October 2006 to October 2012, Mr. Lee was the chief financial officer and company secretary of China Yuanbang Property Holdings Limited (中國元邦房地產控股有限公司), a company incorporated in Bermuda whose shares are listed on the main board of the Singapore Exchange Securities Trading Limited with stock code B2X.

Mr. Li Dong Ping (李冬平), aged 45, is the General Manager of Guangzhou Lvban Advertising Co., Ltd. (廣州旅伴廣告有限公司) ("Guangzhou Lvban"). Mr. Li joined the Group in June 2009 and is responsible for the overall operations of Guangzhou Lvban. Mr. Li graduated from Airforce and Missile Institute (空軍導彈學院) in 1988 with a bachelor's degree in military science majoring in video frequency (視頻系統技術指揮). During the period from 1988 to 1995, Mr. Li was on military service with Unit 95037 of Chinese People's Liberation Army (中國人民解放軍95037部隊). Mr. Li has over ten years of experience in the media and advertising industry and prior to joining the Group, Mr. Li worked for several media and advertising companies including as editor at Guangzhou Tangyuan Advertising Company Limited (廣州唐元廣告有限公司) during the period from 1996 to 2000 and as deputy general manager and general manager of the advertising department in Zhuhai of Nanfang City News (南方都市報) during the period from 2000 to 2004. During the period from 2004 to 2007, Mr. Li was the deputy general manager of the advertising department of Beijing News Media Company Limited (北京新京報傳媒有限責任公司). Mr. Li was the deputy general manager of the advertising department of South City Weekly (南都週刊) and the general manager of the business unit of Southern Metropolis Entertainment Weekly (南都娛樂週刊) during the period from 2008 to 2009.

Mr. Zhou Mingliang (周明亮), aged 39, is the assistant to our Chief Executive Officer and the General Manager of Shanghai Shanshan Media Advertising Co., Ltd. (上海山山傳媒廣告有限公司) ("Shanghai Shanshan"). Mr. Zhou is responsible for the overall operations of Shanghai Shanshan. Mr. Zhou graduated from Nanchang University (南昌大學) majoring in managerial economics in 1996. Prior to joining the Group in 2007, Mr. Zhou was the general manager of Jiangxi Province Lian Nong Limited (江西省聯農有限公司), a Shenzhen based company held by Jiangxi Province Party Committee (江西省省委) during the period from 1999 to 2002 and worked at CCID Media (賽迪傳媒) as the sales manager during 2002 to 2003. Mr. Zhou worked as the media consultant of Beijing News Media Company Limited (北京新京報傳媒有限責任公司) during the period from 2003 to 2005. Mr. Zhou was the Director of advertising department of Shenzhen Aoyi Information Network Company Limited (深圳市奧 一 信息網有限公 司) during the period between 2005 and 2007.

The Directors are pleased to present their report and the audited financial statements for the year ended 31 December 2013.

USE OF PROCEEDS

On 28 February 2011, the Company issued 150,000,000 new shares by placing for listing (the "Share Placing"). All such shares issued were ordinary shares and the 150,000,000 new shares were issued at HK$1.80 per share. The net proceeds of the Share Placing received by the Company were approximately HK$261,900,000 (excluding the sale commission).

During the period from the latest practicable date (the "LPD") (as defined in the prospectus (the "Prospectus") of the Company dated 22 February 2011) to 31 December 2013, the net proceeds from the Share Placing and the partial exercise of the Over-allotment Option (as defined in the Prospectus) had been applied as follows:

	Business objectives for the period from the LPD to 31 December 2013 as stated in the Prospectus	Planned use of proceeds from the LPD to 31 December 2012 as stated in the Prospectus (HK$ million) *(Note)*	Actual use of proceeds from the LPD to 31 December 2013 (HK$ million)	Actual business progress up to 31 December 2013
1.	Extension of advertising business to train stations: To contract with two local railway bureaus for installation of outdoor advertising billboards and provide ongoing maintenance services for the advertising space.	108.0	108.0	The Group has signed the contracts with five local railway bureaus for installation of outdoor advertising billboards and LED. As at 31 December 2013, approximately HK$59.4 million has been paid as agency fees and deposits and approximately HK$16.8 million has been utilised for installation of billboards and LED at more than twenty train stations operated by these five local railway bureaus. Further investment will be made in the coming year when the installation of outdoor advertising billboards have been approved by the relevant local railway bureaus and/or the relevant train stations have been renovated so that the billboards can be installed.
2.	Expansion of existing business alongside the development of the high-speed railway network in China: To establish new representative offices and employ 70 staff to promote and expand the sales network.	60.0	60.0	The Group has established two new representative offices at Henan and Hainan provinces. As of 31 December 2013, the Group has employed 60 new staff for the promotion and expansion of sales network in the above representative offices. Moreover, the Group has also employed an addition of 153 staff at other locations for the expansion of sale network.
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 and make further equity investment in that company for the operation of LED panels and related systems on train.	38.0	38.0	Because of the change of policy of Ministry of Railway, the contract for the operation of LED panels and related audio/video system are subject to open tenders. Since the expected successful bidding price and/or investment costs become much higher than expected, the Directors have decided to re-allocate the proceeds to the new business of advertising on the headrest cover sheets, folding tables and poster frames on several routes of CRH trains.

Business objectives for the period from the LPD to 31 December 2013 as stated in the Prospectus		Planned use of proceeds from the LPD to 31 December 2012 as stated in the Prospectus (HK$ million) *(Note)*	Actual use of proceeds from the LPD to 31 December 2013 (HK$ million)	Actual business progress up to 31 December 2013
4.	Acquiring additional advertising space on air traffic control towers: To commence and continue the operation of additional advertising space on three air traffic control towers.	10.0	10.0	The Group has commenced the operation of additional advertising on six 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 and to continue the operation and maintenance of the website.	33.0	33.0	As the government will operate its own website in relation to the provision of information and services relating to China railway system, the Group can no longer launch and operate such website for its internet advertising business. The Directors have decided to re-allocate the proceeds to the new business of advertising on the headrest cover sheets, folding tables and poster frames on several routes of CRH trains.
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		289.0	289.0	

Note: This sum represents an aggregate amount of the planned use of proceeds from each of the periods from the LPD to 31 December 2012 as stated in the Prospectus, save for the commencement of operation of new on-board media on trains in China which was for the period from the LPD to 31 December 2011 and repayment of amount due to Lizhong which was for the period from the LPD to 30 June 2011 only.

Actual application of the net proceeds, except for the commencement of operation of new on-board media on trains in China and the repayment of amount due to Lizhong, was lower as compared to the planned application due to the reasons as explained above and/or the CRH train accident happened on 23 July 2011 which slowed down the development of CRH train in China. The Directors expect that some of the business objectives stated in the Prospectus for the period from the LPD to 31 December 2013 may be revisited in 2014. 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.

PRINCIPAL ACTIVITIES

The principal business activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 17 to the financial statements.

REPORT OF THE DIRECTORS

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 43 to 111 of this annual report.

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

CLOSURE OF THE REGISTER OF MEMBER

The register of members of the Company will be closed from 14 May 2014 to 15 May 2014, both dates inclusive, during which period no transfer of shares (the "Shares") of the Company could be registered for determination of entitlement of shareholders of the Company to the attendance at the forthcoming annual general meeting of the Company.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the past five financial years, as extracted from the audited financial statements and the Prospectus as appropriate is set out on page 112 of this annual report. This summary does not form part of the audited financial statements.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Oriental Patron Asia Limited ("OPAL"), the compliance adviser of the Company, 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 31 December 2013 pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to an agreement dated 23 February 2011 entered into between OPAL and Company, OPAL has received and will receive fee for acting as the compliance adviser of the Company for the period from 28 February 2011 (the "Listing Date") and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year, commencing after the Listing Date, i.e., the financial year ending 31 December 2013 or until the agreement is terminated in accordance with the terms and conditions set out therein.

The stabilisation period in connection with the Placing (as defined in the Prospectus) commenced from the Listing Date and ended on 30 March 2011, being the 30th day after the Listing Date (the "Stabilisation Period").

Oriental Patron Securities Limited (being an associate of OPAL) acted as the stabilising manager in connection with the Placing and thus Oriental Patron Securities Limited may deal with the Shares in discharging its duties as the stabilising manager during the Stabilisation Period.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 14 to the financial statements.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB188,363,000 (2012: RMB195,469,000).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 17.4% (2012: 21.5%) of the total sales for the year and sales to the largest customer included therein amounted to approximately 6.2% (2012: 7.8%) of the total sales for the year. Services supplied from the Group's five largest suppliers accounted for approximately 53.6% (2012: 56.5%) of the total cost of sales for the year and service supplied from the Group's largest supplier included therein amounted to approximately 17.1% (2012: 15.9%) of the total cost of sales for the year. None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

SHARE OPTION SCHEME

Particulars of the share option scheme adopted by the Group are set out in note 29 to the financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

The directors during the year and up to the date of this report were:

Executive Directors

Mr. Ruan Deqing *(Chairman with effect from 3 May 2013)*
Mr. Lin Pintong *(former Chairman until 3 May 2013)*
Mr. Han Wenqian *(Chief Executive Officer)*

Non-Executive Directors

Mr. Wang Fuqing (formerly an executive Director; re-designated as non-executive Director on 19 July 2013)
Mr. Wang Jianqing

Independent Non-Executive Directors

Mr. Gao Xingbo
Mr. Feng Bing (resigned on 30 June 2013)
Mr. Chen Shaofeng
Ms. Xing Zhibin (retired on 3 May 2013)
Ms. Tay Sheve Li (appointed on 30 September 2013)

Pursuant to Article 105(A) of the Company's article of association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation and shall be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

By virtue of Article 105(A) of the articles of the association of the Company, Mr. Wang Fuqing and Mr. Chen Shaofeng will retire at the forthcoming annual general meeting, Mr. Wang Fuqing and Mr. Chen Shaofeng, being eligible, will offer themselves for re-election at the annual general meeting.

By virtue of Article 105(B) of the articles of the association of the Company, Mr. Gao Xingbo will retire at the forthcoming annual general meeting and he will not offer himself for re-election.

By virtue of Article 109 of the articles of association of the Company, any person appointed by the Directors to fill a casual vacancy or as additional Director shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. Ms. Tay Sheve Li, who was appointed by the board of Directors of the Company as an independent non-executive Director pursuant to board resolution with effect from 30 September 2013, will retire at the forthcoming annual general meeting, Ms. Tay Sheve Li, being eligible, will offer herself for re-election at the annual general meeting.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 23 to 27 of this annual report.

DIRECTORS' SERVICE AGREEMENTS

Each of Mr. Lin Pintong, Mr. Ruan Deqing and Mr. Han Wenqian, being all the Executive Directors, has entered into a service contract and supplement service contract with the Company for an initial term of three years with effect from 17 December 2010 and 11 November 2013, respectively, all of which shall be automatically reserved and extended for successive terms of one year unless and until terminated by not less than three months' prior notice in writing served by either party on the other or by payment of three months' fixed salary in lieu of such notice at the end of the initial term or at any time thereafter.

Mr. Wang Jianqing, being a Non-Executive Director and each of Mr. Gao Xingbo, Mr. Feng Bing (who resigned on 30 June 2013), Mr. Chen Shaofeng, and Ms. Xing Zhibin (who retired on 3 May 2013), being Independent Non-Executive Directors has entered into an appointment letter with the Company for a term of one year commencing from 17 December 2010. Mr. Wang Fuqing, formerly an executive Director; re-designated as non-executive Director on 19 July 2013, has entered into an appointment letter with the Company for a term of one year commencing from 19 July 2013 and Ms. Tay Sheve Li, being an Independent Non-Executive Director, has entered into an appointment letter with the Company for a term of one year commencing from 30 September 2013. The aforementioned appointment letter for each of the non-executive Directors and independent non-executive Directors is for a term of one year which shall be automatically renewed and extended for successive terms of one year and may be terminated after the initial term by either party by giving at least three months' written notice. The appointments are subject to the provisions of the articles of association with regard to vacation of office of directors, removal and retirement by rotation of directors.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 8 to the financial statements of this annual report, 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 during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2013, the Directors were not aware of any business or interest of each of the Directors, controlling shareholders and their respective associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

NON-COMPETE UNDERTAKING

On 17 December 2010, Mr. Lin Pintong, Mr. Ruan Deqing, Lizhong Limited, Broad Win Limited and Joint Loyal Limited (collectively, the "Controlling Shareholders"), have given an irrevocable non-compete undertaking (the "Non-compete Undertaking") in favour of the Group pursuant to which each of them irrevocably, unconditionally, jointly and severally undertaken, among other matters, not to, directly or indirectly, carry on, invest in or be engaged in any business which would or might compete with the business of the Group. Details of the Non-compete Undertaking have been set out in the section headed "Relationship with our Controlling Shareholders" of the Prospectus.

The Non-compete Undertaking has become effective from the Listing Date.

The Company has received the confirmation from the Controlling Shareholders in respect of their compliance with the terms of the Non-compete Undertaking from the Listing Date to the date of this report.

The Independent Non-Executive Directors had reviewed and confirmed that the Controlling Shareholders have complied with the Non-compete Undertaking and the Non-compete Undertaking has been enforced by the Company in accordance with its terms from the Listing Date to the date of this report.

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

As at 31 December 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings 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 or as otherwise notified to the Company and the Stock Exchange, pursuant to the required standard of dealings by directors of listed issuer referred to in Rule 5.46 of the GEM Listing Rules, 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)*	44.25
Mr. Ruan Deqing	Interest of a controlled corporation	265,500,000 ordinary Shares *(Note 2)*	44.25
Mr. Han Wenqian	Interest of a controlled corporation	9,000,000 ordinary Shares *(Note 3)*	1.50
Mr. Wang Fuqing	Interest of a controlled corporation	45,738,000 ordinary Shares *(Note 4)*	7.62
	Beneficial owner	1,194,000 ordinary Shares	0.20

Notes:

(1) These Shares are registered in the name of Lizhong Limited ("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"), formerly an executive Director; re-designated as non-executive Director on 19 July 2013. 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 31 December 2013, 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 31 December 2013, the following persons (not being 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	44.25
Broad Win *(Note 1)*	Interest of a controlled corporation	265,500,000	44.25
Ms. Pan Xiaoying *(Note 2)*	Interest of spouse	265,500,000	44.25
Joint Loyal *(Note 1)*	Interest of a controlled corporation	265,000,000	44.25
Ms. Liu Sibin *(Note 3)*	Interest of spouse	265,500,000	44.25
Mr. Kazunari Shirai *(Note 4)*	Interest of a controlled corporation	49,362,000	8.23
Ms. Junko Shirai *(Note 5)*	Interest of spouse	49,362,000	8.23
Ms. Zhu Yan *(Note 6)*	Interest of spouse	46,932,000	7.82
Make Sense	Beneficial owner	45,738,000	7.62
Smartisian Holdings Company Ltd. *(Note 7)*	Beneficial owner	36,000,000	6.00
Ms. Chen Shuyu *(Note 7)*	Interest of a controlled corporation	36,000,000	6.00
Mr. Zhang Sheng *(Note 7)*	Interest of spouse	36,000,000	6.00

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) Among these Shares, Make Sense is the beneficial owner of 45,738,000 Shares and Mr. Wang is the beneficial owner of 1,194,000 Shares. The entire issued share capital of Make Sense is owned by Mr. Wang. Ms. Zhu Yan ("Ms. Zhu") is the spouse of Mr. Wang. Therefore, Ms. Zhu is deemed, or taken to be, interested in all Shares which Mr. Wang is deemed, or taken to be interested in for the purposes of the SFO.

(7) 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 Ms. Chen Shuyu ("Ms. Chen"). Ms. Chen is deemed to be interested in all the Shares in which Smartisian Holdings is interested by virtue of the SFO. Mr. Zhang Sheng ("Mr. Zhang") is the spouse of Ms. Chen. Mr. Zhang is deemed, or taken to be, interested in all Shares which Ms. Chen is deemed, or taken to be interested in for the purposes of the SFO.

Save as disclosed above, as at 31 December 2013, the Directors are 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 12 to 22 of this annual report.

EMOLUMENT POLICY

The Remuneration Committee is responsible for making recommendations to the Board on Company's policy and structure for all Directors and senior management remuneration, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme as an incentive to directors and eligible participants, details of the scheme is set out in note 29 to the financial statements.

The remuneration of the senior management of the Group by band for the year ended 31 December 2013 is set out below:

Remuneration bands	Number of senior management
Nil to RMB500,000	1
RMB500,001 to RMB1,000,000	2
	3

Further details of the Directors' remuneration and the five highest paid employees are set out in notes 8 and 9 to the financial statements respectively.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 December 2013 are set out in note 37 to the financial statements. Those related party transactions constitute continuing connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year under review, certain transactions entered into by the Group with the Connected Persons (as defined below) constituted non-exempt continuing connected transactions of the Company under the GEM Listing Rules.

Mr. Lin and Mr. Ruan were Directors and controlling shareholders of the Company. Fujian Ao Shen Media Advertising Co. Ltd and Beijing Datisu Media Advertising Co., Ltd, (collectively the "Contracting Entities", each a "Contracting Entity") were owned as to 50% and 50% by Mr. Lin and Mr. Ruan and are associates of Mr. Lin and Mr. Ruan. By virtue of the GEM Listing Rules, Mr. Lin, Mr. Ruan and the Contracting Entities (collectively, the "Connected Persons") were regarded as connected persons of the Company.

For reason as disclosed in the section headed "Connected transactions" in the Prospectus, series of contracts (the "Structure Agreements") were entered into by, among others, Aoshen Technology Service (Fuzhou) Co., Ltd. ("Aoshen Technology"), Hongkong Ao Shen Investment Co., Limited ("Aoshen Hong Kong"), Mr. Lin, Mr. Ruan and the Contracting Entities on 17 December 2011 which include:

(1) framework agreements (the "Framework Agreements") dated 17 December 2010 entered into between (i) Aoshen Technology; (ii) the Contracting Entities; and (iii) Mr. Lin and Mr. Ruan, whereby the Contracting Entities have undertaken, among others, not to enter into any material business transaction without the prior written consent of Aoshen Technology. The Contracting Entities shall appoint individuals as nominated by Aoshen Technology to be their directors and key management as and when Aoshen Technology sees fit. Furthermore, Aoshen Technology or its nominees is entitled to exercise their rights as if they were the shareholder of the Contracting Entities. Any dividend distributable reserve and/or other assets (including residual assets upon dissolution of the Contracting Entities) derived from the equity interests in the Contracting Entities shall also be paid to Aoshen Technology or to such other entities or otherwise deal with in such other manner as Aoshen

Technology may direct. Each of the Framework Agreements has become effective when it was executed on 17 December 2010 and will remain effective for a perpetual term unless and until terminated by Aoshen Technology by the giving of a 30-day advance notice in writing; or pursuant to the terms under other agreements entered into by the relevant parties; and it will be automatically terminated upon dissolution of the relevant Contracting Entity;

(2) exclusivity agreements (the "Exclusivity Agreements") dated 17 December 2010 entered into between Aoshen Technology and the Contracting Entities whereby the Contracting Entities have engaged Aoshen Technology on an exclusive basis to provide consultation services in the management of assets, operation and liabilities, sales and marketing and other supporting services. In consideration of the provision of the aforementioned services by Aoshen Technology, the Contracting Entities have agreed to pay to Aoshen Technology (or such other entities as Aoshen Technology may direct) fees on an annual basis in arrears. Fees payable to Aoshen Technology by the Contracting Entities will be equivalent to the total revenue less all the related costs, expenses and taxes of the respective Contracting Entities, as audited by such certified public accountants of the PRC. Each of the Exclusivity Agreements has become effective when it was executed on 17 December 2010 and will remain effective for a perpetual term unless and until terminated by Aoshen Technology by the giving of a 30-day advance notice in writing; and it will be automatically terminated upon dissolution of the relevant Contracting Entity;

(3) equity pledge agreements dated 17 December 2010 entered into between Aoshen Technology, Mr. Lin and Mr. Ruan, whereby Mr. Lin and Mr. Ruan have pledged their entire interests in each of the Contracting Entities to secure the payment of consultations services fees to Aoshen Technology under the Exclusivity Agreements. Aoshen Technology is entitled to exercise its rights to sell the pledged equity interests on occurrence of any non-payment of such fees. None of the equity interests in the Contracting Entities can be pledged or transferred unless otherwise with prior consent from Aoshen Technology. Furthermore, Aoshen Technology is entitled to all dividends derived from the pledged equity interests in the Contracting Entities. Each of the equity pledge agreements has become effective when it was executed on 17 December 2010 until all payments in each of the Exclusivity Agreements are settled by the relevant Contracting Entity, as well as upon which the relevant Contracting Entity is no longer responsible for the performance under the Exclusivity Agreements; and they will be automatically terminated upon dissolution of the relevant Contracting Entity;

(4) option agreements dated 17 December 2010 entered into between Aoshen Hong Kong, each of Mr. Lin and Mr. Ruan and each of the Contracting Entities whereby Aoshen Hong Kong has been granted options to acquire the entire equity interest in the Contracting Entities at nil consideration or the minimum amount as permitted by the applicable PRC laws. Subject to compliance with the PRC laws, such options may be exercised at any time and in any manner at the sole discretion of Aoshen Hong Kong. Prior to the exercise of such options, the respective registered capital or assets, business or revenues of the Contracting Entities shall not be reduced or disposed of unless with the prior consent from Aoshen Hong Kong or Aoshen Technology. Subject to the compliance with applicable laws and the constitutional documents of each of the Contracting Entities, any dividends, distributable reserve and/or other assets (including residual assets upon dissolution of the Contracting Entities) shall also be assigned or transferred to Aoshen Hong Kong, its subsidiaries in the PRC or to such other entities or otherwise deal with in such other manner as Aoshen Hong Kong may direct as soon as practicable but in any event no later than three days upon such receipt. Each of the option agreements has become effective when it was executed on 17 December 2010 and will only expire on the date on which all the equity interests in the Contracting Entities are transferred to Aoshen Hong Kong and/or its nominees, and the registrations of such equity transfers in the relevant Administration of Industry and Commerce in the PRC are completed; and it will be automatically terminated upon dissolution of the relevant Contracting Entity; and

(5) power of attorney dated 17 December 2010 entered into between Aoshen Technology, Mr. Lin and Mr. Ruan in respect of each of the Contracting Entities whereby the Group is authorised to exercise its rights in the Contracting Entities as if it were the ultimate beneficial owner of the Contracting Entities. Each of the power of attorney has become effective when it was executed on 17 December 2010 and will remain effective during the term of the Framework Agreements.

The purpose of the Structure Agreements is to provide the Group with effective control over the financial and operational policies of the Contracting Entities, Fuzhou Haidu Commercial Travel Media Co., Ltd and Beijing Luwang Culture Media Company Limited (collectively the "Operating Entities"), to obtain the economic benefits from the Operating Entities and acquire the equity interests in the Contracting Entities as and when permitted under the applicable PRC laws and to allow the Company to consolidate the financial results of the Operating Entities into the Group's financial statements as if they were the Group's subsidiaries, and the economic benefit of their business flows to the Group.

Confirmation of Independent Non-Executive Directors:

The Independent Non-Executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) either on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties;

(3) in accordance with the terms of the Structure Agreements that are fair and reasonable and in the interests of the shareholders of the Company as a whole and have been operated so that the revenue generated by the Contracting Entities has been substantially retained by Aoshen Technology; and

(4) no dividends or other distributions have been made by the Contracting Entities to the holders of their respective equity interests which are not otherwise subsequently assigned or transferred to the Group.

Confirmation of auditors of the Company:

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as at the latest practicable date prior to the issue of this annual report as required under the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

AUDITORS

Ernst & Young will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board
Ruan Deqing
Chairman

Hong Kong, 24 March 2014

INDEPENDENT AUDITORS' REPORT

EY 安永

To the shareholders of China 33 Media Group Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China 33 Media Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 43 to 111, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

24 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
REVENUE	6	**157,774**	226,353
Cost of sales		**(86,849)**	(149,717)
Gross profit		**70,925**	76,636
Other income/(expense) and gains, net	6	**4,785**	(2,135)
Selling and distribution expenses		**(48,467)**	(86,967)
Administrative expenses		**(43,616)**	(58,080)
Other operating expenses		**(5,952)**	(28,342)
Share of profits and losses of:			
A joint venture		**977**	(439)
Associates		**(64)**	(632)
LOSS BEFORE TAX	7	**(21,412)**	(99,959)
Income tax expense	10	**(7,712)**	(7,621)
LOSS FOR THE YEAR		**(29,124)**	(107,580)
Attributable to:			
Owners of the Company	11	**(26,024)**	(107,109)
Non-controlling interests		**(3,100)**	(471)
		(29,124)	(107,580)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	13		
Basic (cents)		**(RMB4.34)**	(RMB17.85)
Diluted (cents)		**(RMB4.34)**	(RMB17.85)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**7,330**	8,349
Intangible assets	15	**384**	2,351
Other non-current assets	16	**19,251**	21,080
Investment in a joint venture	18	**1,550**	573
Investments in associates	19	**9,689**	8,049
Available-for-sale investment	20	**439**	439
Prepayment and deposits	22	**42,960**	27,733
Total non-current assets		**81,603**	68,574
CURRENT ASSETS			
Trade receivables	21	**40,603**	43,409
Prepayments, deposits and other receivables	22	**34,376**	35,356
Amount due from a director	26	**–**	3,260
Amount due from a shareholder	26	**–**	16,815
Cash and cash equivalents	23	**115,809**	142,587
Total current assets		**190,788**	241,427
CURRENT LIABILITIES			
Trade payables	24	**31,896**	30,214
Other payables and accruals	25	**30,023**	42,066
Amount due to an associate	19	**2,950**	–
Tax payable		**1,844**	2,294
Total current liabilities		**66,713**	74,574
NET CURRENT ASSETS		**124,075**	166,853
TOTAL ASSETS LESS CURRENT LIABILITIES		**205,678**	235,427
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	**72**	564
Net assets		**205,606**	234,863

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*28*	**3,957**	3,957
Reserves	*30(a)*	**197,937**	224,094
		201,894	228,051
Non-controlling interests		**3,712**	6,812
Total equity		**205,606**	234,863

Lin Pintong
Director

Ruan Deqing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

		Attributable to owners of the Company										
	Note	Issued capital *RMB'000*	Share premium account* *RMB'000*	Treasury shares* *RMB'000*	Capital reserve* *RMB'000* *(note 30(a))*	Statutory reserve* *RMB'000* *(note 30(a))*	Share redemption reserve* *RMB'000*	Exchange reserve* *RMB'000*	Retained profit (accumulated losses)* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2012		3,969	226,006	(216)	26,239	12,435	7	(4,631)	73,083	336,892	6,983	343,875
Loss for the year		–	–	–	–	–	–	–	(107,109)	(107,109)	(471)	(107,580)
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations		–	–	–	–	–	–	(914)	–	(914)	–	(914)
Total comprehensive loss for the year		–	–	–	–	–	–	(914)	(107,109)	(108,023)	(471)	(108,494)
Capital contribution from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	300	300
Repurchase and cancellation of ordinary shares	*28*	(12)	(1,022)	–	–	–	12	–	(12)	(1,034)	–	(1,034)
Net change in treasury shares	*28*	–	–	216	–	–	–	–	–	216	–	216
Transfer to statutory reserve		–	–	–	–	353	–	–	(353)	–	–	–
At 31 December 2012 and 1 January 2013		3,957	224,984	–	26,239	12,788	19	(5,545)	(34,391)	228,051	6,812	234,863

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Attributable to owners of the Company								Non-controlling interests	Total equity
		Issued capital	Share premium account*	Capital reserve*	Statutory reserve*	Share redemption reserve*	Exchange reserve*	Accumulated losses*	Total		
		RMB'000	*RMB'000*	*RMB'000* (*note 30(a)*)	*RMB'000* (*note 30(a)*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2012 and 1 January 2013		3,957	224,984	26,239	12,788	19	(5,545)	(34,391)	228,051	6,812	234,863
Loss for the year		–	–	–	–	–	–	(26,024)	(26,024)	(3,100)	(29,124)
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	–	(133)	–	(133)	–	(133)
Total comprehensive loss for the year		–	–	–	–	–	(133)	(26,024)	(26,157)	(3,100)	(29,257)
Transfer to statutory reserve		–	–	–	192	–	–	(192)	–	–	–
At 31 December 2013		3,957	224,984	26,239	12,980	19	(5,678)	(60,607)	201,894	3,712	205,606

* These reserve accounts comprise the consolidated reserves of RMB197,937,000 (2012: RMB224,094,000) in the consolidated statement of financial position as at 31 December 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(21,412)**	(99,959)
Adjustments for:			
Share of profits and losses of:			
A joint venture		**(977)**	439
Associates		**64**	632
Bank interest income	*6*	**(1,106)**	(2,301)
Amortised interest expense/(income) on non-current deposits, net	*6*	**(661)**	6,146
Loss on disposal of items of property, plant and equipment	*7*	**551**	–
Loss on disposal of a subsidiary	*7*	**113**	–
Depreciation	*7*	**1,655**	1,371
Amortisation of intangible assets	*7*	**1,038**	2,930
Amortisation of other non-current assets	*7*	**5,086**	1,278
Impairment of trade receivables	*7*	**1,119**	16,926
Impairment of intangible assets	*7*	**929**	8,687
Impairment of an available-for-sale investment	*7*	**–**	838
Impairment of non-current deposits	*7*	**3,369**	1,500
		(10,232)	(61,513)
Decrease/(increase) in trade receivables	*32*	**1,286**	(16,733)
Decrease in prepayments, deposits and other receivables		**1,359**	25,197
Decrease in amounts due from directors		**3,260**	27,351
Decrease/(increase) in an amount due from a shareholder		**16,815**	(16,815)
Increase in trade payables		**1,682**	15,200
Increase/(decrease) in other payables and accruals		**(12,042)**	14,928
Decrease in an amount due to a related company		**–**	(1,900)
Movement in balances with associates		**4,246**	–
Cash generated from/(used in) operations		**6,374**	(14,285)
Interest received		**1,106**	2,301
PRC tax paid		**(8,654)**	(12,318)
Net cash flows used in operating activities		**(1,174)**	(24,302)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	*14, 32*	**(1,003)**	(3,184)
Proceeds from disposal of items of property, plant and equipment		**217**	–
Additions to other non-current assets	*16*	**(3,257)**	(4,807)
Capital contribution to an associate		**(3,000)**	(7,500)
Additions to prepayment and deposits under non-current assets		**(17,935)**	(24,800)
Disposal of a subsidiary	*31*	**(493)**	–
Net cash flows used in investing activities		**(25,471)**	(40,291)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares	28	**–**	(818)
Capital contribution from non-controlling shareholders of subsidiaries		**–**	300
Decrease in an amount due to a director		**–**	(454)
Decrease in an amount due to a shareholder		**–**	(1,784)
Net cash flows used in financing activities		**–**	(2,756)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(26,645)**	(67,349)
Cash and cash equivalents at beginning of year		**132,237**	200,500
Effect of foreign exchange rate changes, net		**(133)**	(914)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**105,459**	132,237
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**30,252**	50,539
Non-pledged time deposits with original maturity of less than three months when acquired	23	**85,557**	92,048
Cash and cash equivalents as stated in the consolidated statement of financial position		**115,809**	142,587
Non-pledged time deposit with original maturity of more than three months when acquired	23	**(10,350)**	(10,350)
		105,459	132,237

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	17	**–**	–
Prepayment	22	**10,000**	–
Total non-current assets		**10,000**	–
CURRENT ASSETS			
Amount due from a subsidiary	17	**190,078**	201,067
Cash and cash equivalents		**3,456**	342
Total current assets		**193,534**	201,409
CURRENT LIABILITIES			
Accruals	25	**1,774**	1,709
Amount due to a subsidiary	17	**9,421**	255
Total current liabilities		**11,195**	1,964
NET CURRENT ASSETS		**182,339**	199,445
Net assets		**192,339**	199,445
EQUITY			
Issued capital	28	**3,957**	3,957
Reserves	30(b)	**188,382**	195,488
Total equity		**192,339**	199,445

Lin Pintong
Director

Ruan Deqing
Director

1. CORPORATE INFORMATION

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Subsidiaries *(continued)*

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (v) the entity is controlled or jointly controlled by a person identified in (a); and
- (vi) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Buildings	Over the shorter of the lease terms and 20 years
Leasehold improvements	Over the shorter of the lease terms and 5 years
Motor vehicles	10 years
Office equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Other non-current assets

Other non-current assets are stated at cost less accumulated amortisation and any impairment losses. They are amortised on the straight-line basis over their respective estimated useful lives, i.e., the term of the exclusive advertising right.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other non-current assets *(continued)*

Other non-current assets comprise the payments to:

(a) an independent third party which was ultimately authorised with the advertising agency right by a department of the People's Republic of China (the "PRC") government for the installation and construction of necessary ancillary infrastructure at various airports' air traffic control towers (the "Towers") in the PRC, for the purpose of displaying advertisements. The term of the exclusive advertising right on the Towers is 9 years, commencing from the date when the Group starts using the advertising area of the Towers; and

(b) independent third parties which were ultimately authorised with the advertising agency right by a department of the PRC government for the installation and construction of outdoor advertising spaces at various railway stations in the PRC, for the purpose of displaying advertisements. The terms of the exclusive advertising rights on these advertising spaces ranges from 3 to 5.5 years, commencing from the date when the Group obtained the exclusive advertising rights.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income/(expense) and gains, net, in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and other payables and accruals.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

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

(a) printed media and audio advertising income, net of business tax, when the advertisements at various channels such as magazines and audio broadcasting are published/placed;

(b) outdoor advertising income, net of business tax, from the outdoor advertising spaces at airport control towers, trains and railway stations on a time proportion basis over the terms of the relevant agreements; and

(c) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Barter sale transactions

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Employee benefits

Pension schemes

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Other benefits

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

Share-based payments

The shareholder of the Company has granted certain share options to the employees of the Group as an inducement to join the Group. In addition, a share option scheme (the "Share Option Scheme") was adopted by the Company pursuant to a resolution in writing passed by the then shareholders of the Company on 17 December 2010. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 29 to these financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in preparing cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rate or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividend. The Group considered that if the profits are not expected to be distributed in the foreseeable future, no withholding taxes should be provided.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

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

Useful life of an intangible asset — customer relationship

The Group determines the estimated useful life at 5.5 years and the related amortisation charges for its customer relationship. This estimate is based on forecasted customer attrition pattern with reference to similar market information. Management will revise the amortisation charge where the useful life is different to the one previously estimated.

Impairment allowances for trade and other receivables

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets, including "other non-current assets", at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

5. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

5. OPERATING SEGMENT INFORMATION *(continued)*

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Audio advertising *RMB'000*	Total *RMB'000*
Year ended 31 December 2013				
Segment revenue:				
Sales to external customers	110,891	46,513	370	157,774
Segment results	54,300	12,696	(1,488)	65,508
Reconciliation:				
Bank interest income				1,106
Amortised interest income on non-current deposits, net				661
Other unallocated income and gains, net				3,018
Share of profits and losses of:				
A joint venture				977
Associates				(64)
Corporate and other unallocated expenses				(92,618)
Loss before tax				(21,412)
Income tax expense				(7,712)
Loss for the year				(29,124)
Segment assets	25,617	81,320	–	106,937
Reconciliation:				
Investment in a joint venture				1,550
Investments in associates				9,689
Available-for-sale investment				439
Cash and cash equivalents				115,809
Corporate and other unallocated assets				37,967
Total assets				272,391

5. OPERATING SEGMENT INFORMATION *(continued)*

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

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

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

5. OPERATING SEGMENT INFORMATION *(continued)*

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Audio advertising *RMB'000*	Total *RMB'000*
Year ended 31 December 2012				
Segment revenue:				
Sales to external customers	145,901	72,726	7,726	226,353
Segment results	69,364	(18,953)	(888)	49,523
Reconciliation:				
Bank interest income				2,301
Amortised interest expense on non-current deposits, net				(6,146)
Other unallocated income and gains, net				1,710
Share of profits and losses of:				
A joint venture				(439)
Associates				(632)
Corporate and other unallocated expenses				(146,276)
Loss before tax				(99,959)
Income tax expense				(7,621)
Loss for the year				(107,580)
Segment assets	32,074	76,023	5,824	113,921
Reconciliation:				
Investment in a joint venture				573
Investments in associates				8,049
Available-for-sale investment				439
Cash and cash equivalents				142,587
Amounts due from directors				3,260
Amount due from a shareholder				16,815
Corporate and other unallocated assets				24,357
Total assets				310,001

5. OPERATING SEGMENT INFORMATION *(continued)*

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

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

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

Geographical information

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

Information about major customers

For the years ended 31 December 2013 and 2012, no revenue derived from a single customer of the Group accounted for over 10% of the Group's total revenue.

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

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

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Printed media advertising income	**111,689**	149,400
Outdoor advertising income	**46,513**	74,532
Audio advertising income	**370**	8,030
	158,572	231,962
Less: Business tax	**(798)**	(5,609)
Total	**157,774**	226,353
Other income/(expense) and gains, net		
Bank interest income	**1,106**	2,301
Amortised interest income/(expense) on non-current deposits, net *(note 22)*	**661**	(6,146)
Government grants*	**872**	653
Others	**2,146**	1,057
Total	**4,785**	(2,135)

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

7. LOSS BEFORE TAX

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

	Notes	2013 RMB'000	2012 RMB'000
Depreciation	14	1,655	1,371
Amortisation of intangible assets	15	1,038	2,930
Amortisation of other non-current assets	16	5,086	1,278
Impairment of trade receivables*	21	1,119	16,926
Impairment of intangible assets*	15	929	8,687
Impairment of an available-for-sale investment*	20	–	838
Impairment of non-current deposits*	22	3,369	1,500
Loss on disposal of a subsidiary*	31	113	–
Minimum lease payments under operating leases on land and buildings		5,509	5,700
Employee benefit expense (including directors' remuneration) *(note 8)*:			
Wages and salaries		45,844	74,018
Pension schemes contributions**		2,651	6,992
		48,495	81,010
Auditors' remuneration		1,685	1,621
Exchange loss/(gain), net		972	(523)
Loss on disposal of items of property, plant and equipment		551	–

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

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

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Fees	**763**	983
Other emoluments:		
Salaries, allowances and benefits in kind	**1,416**	1,443
Pension scheme contributions	**39**	27
	1,455	1,470
	2,218	2,453

8. DIRECTORS' REMUNERATION *(continued)*

(a) Non-executive directors and independent non-executive directors

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2013				
Non-executive directors:				
Mr. Wang Jianqing	**–**	**–**	**–**	**–**
Mr. Wang Fuqing#	**338**	**–**	**–**	**338**
	338	**–**	**–**	**338**
Independent non-executive directors:				
Mr. Feng Bing ("Mr. Feng")*	**59**	**–**	**–**	**59**
Mr. Gao Xingbo ("Mr. Gao")	**142**	**–**	**–**	**142**
Mr. Chen Shaofeng ("Mr. Chen")	**142**	**–**	**–**	**142**
Mr. Xing Zhibin** ("Mr. Xing")	**47**	**–**	**–**	**47**
Ms. Tay Sheve Li^^	**35**	**–**	**–**	**35**
	425	**–**	**–**	**425**
31 December 2012				
Non-executive directors:				
Mr. Wang Jianqing	–	–	–	–
Mr. Wang Fuqing#	–	–	–	–
	–	–	–	–
Independent non-executive directors:				
Mr. Feng	180	–	–	180
Mr. Gao	180	–	–	180
Mr. Chen	180	–	–	180
Mr. Xing	180	–	–	180
	720	–	–	720

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2013				
Executive directors:				
Mr. Lin Pintong ("Mr. Lin")	**–**	**472**	**12**	**484**
Mr. Ruan Deqing ("Mr. Ruan")	**–**	**472**	**12**	**484**
Mr. Han Wenqian ("Mr. Han")^	**–**	**472**	**15**	**487**
Mr. Wang Fuqing#	**–**	**–**	**–**	**–**
	–	**1,416**	**39**	**1,455**
31 December 2012				
Executive directors:				
Mr. Lin	–	481	4	485
Mr. Ruan	–	481	3	484
Mr. Han^	–	481	20	501
Mr. Wang Fuqing#	263	–	–	263
	263	1,443	27	1,733

With effect from 1 June 2012, Mr. Wang Fuqing, a then non-executive director of the Company, was re-designated as an executive director of the Company. With effect from 19 July 2013, Mr. Wang Fuqing was re-designated as a non-executive director of the Company.

^ Mr. Han is also the chief executive officer of the Group.

^^ With effect from 30 September 2013, Ms. Tay Sheve Li was appointed as an independent non-executive director of the Company.

* With effect from 30 June 2013, Mr. Feng resigned as an independent non-executive director of the Company.

** With effect from 5 March 2013, Mr. Xing resigned as an independent non-executive director of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2012: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

During the years ended 31 December 2013 and 2012, the five highest paid individuals were not directors of the Company.

Details of the remuneration for the year of the five (2012: five) highest paid employees are as follows:

	2013	2012
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**3,396**	3,601
Pension scheme contributions	**42**	128
	3,438	3,729

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2013	2012
Nil to RMB500,000	**1**	–
RMB500,001 to RMB1,000,000	**3**	4
RMB1,000,001 to RMB1,500,000	**1**	1
	5	5

During the current and prior years, no remuneration was paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil). Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rate, based on existing legislation, interpretations and practices in respect thereof.

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

	2013 RMB'000	2012 RMB'000
Group:		
Current — Mainland China		
Charge for the year	**8,204**	6,080
Underprovision in prior periods	**–**	4,445
Deferred *(note 27)*	**(492)**	(2,904)
Total tax charge for the year	**7,712**	7,621

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2013 RMB'000	2012 RMB'000
Loss before tax	**(21,412)**	(99,959)
Tax at the applicable tax rate	**(5,353)**	(24,990)
Adjustments in respect of current tax of previous periods	**–**	4,445
Losses/(profits) attributable to a joint venture	**(244)**	110
Losses attributable to associates	**16**	158
Income not subject to tax	**(3,454)**	(1,551)
Expenses not deductible for tax	**12,536**	20,903
Tax losses not recognised	**4,632**	8,386
Others	**(421)**	160
Tax expense at the effective tax rate	**7,712**	7,621

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 December 2013 includes a loss of RMB7,106,000 (2012: RMB7,819,000) which has been dealt with in the financial statements of the Company (note 30(b)).

12. DIVIDENDS

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

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

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

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Total *RMB'000*
31 December 2013					
Cost:					
At 31 December 2012 and 1 January 2013	–	2,469	6,397	3,879	12,745
Additions	509	105	723	67	1,404
Disposals	–	(502)	(639)	(1,298)	(2,439)
At 31 December 2013	509	2,072	6,481	2,648	11,710
Accumulated depreciation:					
At 31 December 2012 and 1 January 2013	–	1,904	577	1,915	4,396
Charge for the year	6	448	599	602	1,655
Disposals	–	(480)	(225)	(966)	(1,671)
At 31 December 2013	6	1,872	951	1,551	4,380
Net carrying amount:					
At 31 December 2013	503	200	5,530	1,097	7,330

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group *(continued)*

	Leasehold improvements *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Total *RMB'000*
31 December 2012				
Cost:				
At 1 January 2012	2,469	2,873	3,503	8,845
Additions	–	3,524	376	3,900
At 31 December 2012	2,469	6,397	3,879	12,745
Accumulated depreciation:				
At 1 January 2012	1,429	305	1,291	3,025
Charge for the year	475	272	624	1,371
At 31 December 2012	1,904	577	1,915	4,396
Net carrying amount:				
At 31 December 2012	565	5,820	1,964	8,349

As at 31 December 2013, motor vehicles with net carrying values in aggregate of RMB3,041,000 were frozen by the court in Mainland China as a result of the litigation detailed in note 36 to the financial statements.

15. INTANGIBLE ASSETS

Group

	Contractual advertising rights *RMB'000*	Customer relationship *RMB'000*	Total *RMB'000*
31 December 2013			
Cost:			
At 31 December 2012, 1 January 2013 and 31 December 2013	**40,120**	**1,627**	**41,747**
Accumulated amortisation and impairment:			
At 1 January 2013	**37,769**	**1,627**	**39,396**
Charge for the year	**1,038**	**–**	**1,038**
Impairment during the year	**929**	**–**	**929**
At 31 December 2013	**39,736**	**1,627**	**41,363**
Net carrying amount:			
At 31 December 2013	**384**	**–**	**384**
31 December 2012			
Cost:			
At 1 January 2012 and 31 December 2012	40,120	1,627	41,747
Accumulated amortisation and impairment:			
At 1 January 2012	26,743	1,036	27,779
Charge for the year	2,635	295	2,930
Impairment during the year	8,391	296	8,687
At 31 December 2012	37,769	1,627	39,396
Net carrying amount:			
At 31 December 2012	2,351	–	2,351

15. INTANGIBLE ASSETS *(continued)*

Group *(continued)*

In January 2013, the distribution of the Group's two magazines was halted on the high-speed railway network in Mainland China. The directors considered that the net carrying amounts of the contractual advertising rights and customer relationship as at 31 December 2012 of RMB8,391,000 and RMB296,000, respectively, in relation to the two halted magazines should be fully impaired as at 31 December 2012 since the Group could unlikely generate any future economic benefits from the intangible assets in relation to these two magazines. Accordingly, the impairment of the intangible assets in aggregate of RMB8,687,000 has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2012.

During the year ended 31 December 2013, the audio advertising business was loss-making as a result of the adverse audio advertisement market in Mainland China. The directors considered that the net carrying amount of the contractual advertising right of RMB929,000 in relation to the audio advertising should be fully impaired as at 31 December 2013 since the Group could unlikely generate any future economic benefits from the intangible assets in relation to the audio advertising. Accordingly, the impairment of the related intangible assets of RMB929,000 has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2013.

16. OTHER NON-CURRENT ASSETS

Group

	2013 ***RMB'000***	2012 *RMB'000*
Cost:		
At beginning of the year	**25,788**	20,981
Additions	**3,257**	4,807
At end of the year	**29,045**	25,788
Accumulated amortisation:		
At beginning of the year	**4,708**	3,430
Charge for the year	**5,086**	1,278
At end of the year	**9,794**	4,708
Net carrying amount	**19,251**	21,080

17. INVESTMENTS IN SUBSIDIARIES

Company

	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost	–	–

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

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ establishment and operation	Issued/fully paid-up capital	Percentage of equity attributable to the Company 2013	Percentage of equity attributable to the Company 2012	Principal activities
香港奧神投資有限公司 Hongkong Ao Shen Investment Co., Limited ("Hong Kong Ao Shen")	Hong Kong	HK$100	**100**	100	Provision of management services
奧神技術服務(福州)有限公司[1] Ao Shen Technology Service (Fuzhou) Co., Ltd. ("Ao Shen Technology")	PRC/Mainland China	US$20,000,000 (2012: US$25,000,000)	**100**	100	Provision of consulting services
福建省奧神傳媒廣告有限責任公司[2,3] Fujian Ao Shen Media Advertising Co., Ltd.	PRC/Mainland China	RMB31,630,000	**100**	100	Provision of advertising services
北京大提速傳媒廣告有限公司[2,3] Beijing Datisu Media Advertising Co., Ltd.	PRC/Mainland China	RMB27,000,000	**100**	100	Provision of advertising services
北京路網文化傳媒有限公司[3] Beijing Luwang Culture Media Company Limited ("Beijing Luwang")	PRC/Mainland China	RMB1,000,000	**60**	60	Provision of advertising services
福州海都商旅傳媒有限公司[3] Fuzhou Haidu Commercial Travel Media Co., Ltd. ("Fuzhou Haidu")	PRC/Mainland China	RMB1,000,000	**70**	70	Provision of advertising services
北京奧神傳媒廣告有限公司[3] Beijing Aoshen Media Advertising Co., Ltd ("Beijing Aoshen")	PRC/Mainland China	RMB20,000,000	**100**	100	Provision of advertising services

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ establishment and operation	Issued/fully paid-up capital	Percentage of equity attributable to the Company 2013	2012	Principal activities
成都三三廣告有限公司[3] Chengdu Sansan Advertising Co., Ltd.	PRC/Mainland China	RMB2,000,000	**100**	100	Provision of advertising services
上海山山傳媒廣告有限公司[3] Shanghai Shanshan Media Advertising Co., Ltd.	PRC/Mainland China	RMB2,000,000	**100**	100	Provision of advertising services
廣州奧神廣告有限公司[3] Guangzhou Aoshen Advertising Co., Ltd.	PRC/Mainland China	RMB2,000,000	**100**	100	Provision of advertising services
濟南奧神廣告傳媒有限公司[3] Jinan Aoshen Advertising Media Co., Ltd.	PRC/Mainland China	RMB2,010,000	**100**	100	Provision of advertising services
北京愛締文化發展有限公司[3,4] Beijing Oi Ai Culture Development Co., Ltd. ("Beijing Oi Ai") (formerly known as 北京華夏博思文化發展有限公司 Beijing Hua Xia Bo Si Culture Development Co., Ltd.)	PRC/Mainland China	RMB10,000,000	**65**	65	Chinese culture research and education
北京中視大業廣告傳媒有限公司[3] Beijing Zhong Shi Da Ye Advertising Media Co., Ltd. ("Beijing Zhong Shi")	PRC/Mainland China	RMB5,000,000	**80**	80	Provision of advertising services
瀋陽奧神傳媒廣告有限公司[3] Shenyang Aoshen Media Advertising Co., Ltd. ("Shenyang Aoshen")	PRC/Mainland China	RMB2,000,000 (2012: RMB1,700,000)	**85**	85	Provision of advertising services

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Except for Hong Kong Ao Shen, all the above subsidiaries are indirectly held by the Company.

1 The entity is registered as a wholly-foreign-owned enterprise under PRC law.

2 The operations of the Group were initially conducted through these companies established in the PRC (the "Operating Entities"), each equally owned by Mr. Lin and Mr. Ruan (collectively referred to as the "Founders").

Under the prevailing laws and regulations in the PRC, companies with foreign ownership are prohibited from engaging in the magazine distribution business in Mainland China. In order to enable the Group to make investment in the magazine distribution business in Mainland China, certain contractual arrangements (the "Contractual Arrangements") were effectuated in prior years among Ao Shen Technology, the Operating Entities and the Founders to the effect that the business operations, the decision-making power and financial and operating policies of the Operating Entities are ultimately controlled by Ao Shen Technology.

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

As a result of the effects of the Contractual Arrangements, the Operating Entities are accounted for as subsidiaries of the Company for accounting purposes.

3 These entities are registered as limited liability companies under PRC law.

4 The Group's equity interest in Beijing Oi Ai was frozen by the court in Mainland China as a result of the litigation detailed in note 36 to the financial statements.

The statutory financial statements of the above subsidiaries, except Hong Kong Ao Shen, were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18. INVESTMENT IN A JOINT VENTURE

	2013 RMB'000	2012 RMB'000
Share of net assets	**1,550**	573

Particulars of the Group's joint venture are as follows:

Name	Place of establishment and operation	Paid-up capital	Percentage of equity attributable to the Group	Principal activities
北京國鐵天通文化發展有限公司 Beijing Guo Tie Tian Tong Cultural Development Co., Ltd. ("Guo Tie Tian Tong")	PRC/Mainland China	RMB3,000,000	49	Sale of magazines, newspapers and other electronic reading materials

The statutory financial statements of the joint venture were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2013 RMB'000	2012 RMB'000
Share of the joint venture's profit/(loss) and total comprehensive income/(loss) for the year	**977**	(439)
Carrying amount of the Group's investment in the joint venture	**1,550**	573

19. INVESTMENTS IN ASSOCIATES

	2013 RMB'000	2012 RMB'000
Share of net assets	**9,689**	6,753
Due from an associate	**–**	1,296
Due to an associate	**(2,950)**	–
	6,739	8,049

The amount due from an associate is unsecured and interest-free. According to the joint venture agreement entered into between the equity holders of the associate, the amount due from the associate will not be repaid until the associate has a pre-determined amount of distributable retained profits.

19. INVESTMENTS IN ASSOCIATES *(continued)*

The amount due to an associate is unsecured, interest-free and repayment on demand.

Particulars of the associates are as follows:

Name	Place of establishment and operation	Paid-up capital	Percentage of equity attributable to the Group	Principal activities
北京鳳凰金龍文化傳媒有限公司 Beijing Phoenix Dragon Culture Media Company Limited ("Phoenix Dragon")	PRC/Mainland China	RMB1,000,000	20	Provision of consulting and marketing services
北京紫雲府文化傳播有限公司 Beijing Zi Yun Fu Culture Media Co,, Ltd. ("Zi Yun Fu")	PRC/Mainland China	RMB15,000,000	30	Provision of advertising agency services
北京中視新科傳媒廣告有限公司 Beijing Zhong Shi Xin Ke Media Advertising Co., Ltd. ("Zhong Shi Xin Ke") *(note)*	PRC/Mainland China	RMB10,000,000 (2012: RMB5,000,000)	60	Provision of advertising agency Services

Note: The directors considered that Zhong Shi Xin Ke is an associate of the Group as at 31 December 2013 and 2012 because the Group (i) does not have the right to appoint the majority of directors of Zhong Shi Xin Ke; and (ii) does not have unilateral or joint control over Zhong Shi Xin Ke.

The statutory financial statements of these associates were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2013	2012
	RMB'000	*RMB'000*
Share of the associates' loss and total comprehensive loss for the year	**(64)**	(632)
Aggregate carrying amount of the Group's investments in the associates	**6,739**	8,049

20. AVAILABLE-FOR-SALE INVESTMENT

	2013 RMB'000	2012 RMB'000
Unlisted equity investment, at cost	**1,277**	1,277
Less: Impairment	**(838)**	(838)
	439	439

The unlisted available-for-sale equity investment of the Group with a carrying amount of RMB439,000 (2012: RMB439,000) is measured at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of the investment in the near future.

During the year ended 31 December 2012, impairment of RMB838,000 for the unlisted available-for-sale equity investment has been recognised in the consolidated statement of profit or loss.

21. TRADE RECEIVABLES

Group

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

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 180 days. The Group seeks to apply strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Although the Group's trade receivables relate to a number of diversified customers, there is a certain concentration of credit risk. The trade receivables (after impairment) from the five largest debtors at 31 December 2013 represented 47% (2012: 33%) of the total trade receivables (after impairment), while 24% (2012: 10%) of the total trade receivables (after impairment) were due from the largest debtor. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

21. TRADE RECEIVABLES *(continued)*

Group

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

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

Group

	2013 **RMB'000**	2012 RMB'000
At beginning of the reporting period	**37,836**	23,633
Impairment losses recognised *(note 7)*	**1,119**	16,926
Amount written off as uncollectible	**(10,684)**	(2,723)
At end of the reporting period	**28,271**	37,836

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables with a carrying amount before provision of RMB30,409,000 (2012: RMB38,736,000) as at 31 December 2013.

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

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

Group

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

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

21. TRADE RECEIVABLES *(continued)*

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

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

Company

	2013	2012
	RMB'000	*RMB'000*
Non-current:		
Prepayment	**10,000**	–

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Note:

The balance represented a deposit paid in 2008 for the exclusive rights to sell the advertising spaces on the Towers in Mainland China for a period of 9 years from 20 June 2008 to 19 June 2017 and deposits paid for certain designated outdoor advertising spaces in railway stations in Mainland China with the expiry dates ranging from 31 December 2014 to 31 March 2018. The deposits are fully repayable to the Group upon their respective expiry date of the advertising right and are carried at amortised cost at the Group's statement of financial position using an effective interest rates ranging from 4.75% to 5.85%, resulting in interest income of RMB1,493,000 (2012: RMB579,000) by assessing the amortised costs of the deposits paid at the end of the reporting period and interest expense of RMB832,000 (2012: RMB6,725,000) upon initial recognition of the deposits paid. The above interest income and expenses are included in "Amortised interest income/(expense) on non-current deposits, net" under "Other income/(expense) and gains, net" on the face of the consolidated statement of profit or loss.

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

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

23. CASH AND CASH EQUIVALENTS

Group

	2013	2012
	RMB'000	*RMB'000*
Cash and bank balances	**30,252**	50,539
Time deposits with banks	**85,557**	92,048
	115,809	142,587
Less: Non-pledged time deposit with original maturity of more than three months	**(10,350)**	(10,350)
Cash and cash equivalents	**105,459**	132,237
Cash and bank balances and time deposit are denominated in:		
RMB	**30,107**	58,284
United States dollars ("US$")	**85,702**	84,273
Hong Kong dollars ("HK$")	**–**	30
	115,809	142,587

23. CASH AND CASH EQUIVALENTS *(continued)*

Company

	2013 RMB'000	2012 RMB'000
Cash and bank balances	**3,456**	342
Cash and bank balances are denominated in:		
US$	**3,456**	342

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

Group

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

As at 31 December 2013, included in the trade payables are trade payables of RMB2,300,000 (2012: RMB2,393,000), RMB400,000 (2012: Nil) and RMB333,000 (2012: Nil) due to the non-controlling shareholder of a subsidiary, an associate, and a joint venture, respectively, which were repayable within 30 days.

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

25. OTHER PAYABLES AND ACCRUALS

Group

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

Company

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

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

26. AMOUNTS DUE FROM A DIRECTOR AND A SHAREHOLDER

Particulars of the amounts due from a director and a shareholder, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

Director:

Name	**31 December 2013** ***RMB'000***	**Maximum amount outstanding during the year** ***RMB'000***	31 December 2012 *RMB'000*
Mr. Han	–	**3,260**	3,260

Shareholder:

Name	**31 December 2013** ***RMB'000***	**Maximum amount outstanding during the year** ***RMB'000***	31 December 2012 *RMB'000*
Lizhong Limited, 47.46% shareholder of the Company	–	**16,815**	16,815

The amounts due from a director and a shareholder are unsecured, interest-free and repayment on demand.

27. DEFERRED TAX LIABILITIES

Group

	Fair value adjustments arising from acquisition of subsidiaries *RMB'000*
At 1 January 2012	3,468
Deferred tax credited to the statement of profits or loss during the year *(note 10)*	(2,904)
At 31 December 2012 and 1 January 2013	564
Deferred tax credited to the statement of profits or loss during the year *(note 10)*	(492)
At 31 December 2013	72

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. In estimating the withholding taxes on dividends expected to be distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008, the directors have made assessment based on factors which included dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future. As at 31 December 2013 and 2012, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute their earnings accrued after 1 January 2008 in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB5,091,000 (2012: RMB6,559,000) at 31 December 2013.

As at 31 December 2013, the Group has estimated unprovided deferred tax assets of approximately RMB12,210,000 (2012: RMB11,136,000) calculated on tax losses of approximately RMB48,838,000 (2012: RMB44,544,000) arising in the PRC that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is considered not probable that the Group can utilise these losses in the foreseeable future.

28. SHARE CAPITAL

Shares

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

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

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

Note: During the year ended 31 December 2012, the Company repurchased 1,468,000 shares of US$0.001 at prices ranging from HK$0.64 to HK$0.69 per share at an aggregate consideration of RMB818,000. 1,900,000 repurchased ordinary shares, including 432,000 ordinary shares repurchased but not yet cancelled as at 1 January 2012 and 1,468,000 ordinary shares repurchased during the year ended 31 December 2012, were cancelled during the year ended 31 December 2012. The premium of approximately RMB1,022,000, including RMB806,000 paid on the repurchase of shares during the year ended 31 December 2012 and RMB216,000 paid on the repurchase of 432,000 ordinary shares repurchased but not yet cancelled as at 1 January 2012, was debited to the share premium account and an amount of RMB12,000 was transferred from accumulated losses of the Company to the share redemption reserve.

29. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Share Option Scheme was adopted by the Company pursuant to a resolution in writing passed by the then shareholders of the Company on 17 December 2010.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the directors and other selected participants for their contributions to the Group.

The participants of the Share Option Scheme include (i) any employee of the Company, any of the subsidiaries or any entity (the "Invested Entity") in which any member of the Group holds an equity interest; (ii) any non-executive directors of the Company, any of the subsidiaries of the Company or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any advertising customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser or consultant to any area of business or business development of any member of the Group or any Invested Entity; (viii) any other group or class of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The maximum number of the shares that may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the number of shares in issue on the Listing Date (the "General Scheme Limit") i.e., on 28 February 2011. The Company may seek approval of the shareholders in a general meeting to refresh the General Scheme Limit provided that the total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the number of shares in issue as at the date of approval of the limit.

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders in a general meeting of the Company with such grantee and his associates abstaining from voting. The number and terms (including the exercise price) of options to be further granted must be fixed before the approval of the shareholders and the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.

29. EQUITY-SETTLED SHARE-BASED TRANSACTIONS *(continued)*

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence from the date of offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

Unless otherwise determined by the directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The exercise price for the shares under the Share Option Scheme shall be a price determined by the directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the date of offer for the grant, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer for the grant; and (iii) the nominal value of a share.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted (i.e., 17 December 2010).

The total number of shares available for issue under the Share Option Scheme is 60,000,000 shares, representing approximately 10% of the issued share capital of the Company as at the date of the financial statements.

No share options have been granted since the adoption of the Share Option Scheme.

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(1) Capital reserve

The capital reserve mainly comprises the following:

(i) Injection of the Operating Entities

As more fully explained in note 17 to the financial statements, pursuant to the contractual arrangements effectuated on 30 June 2008, the Operating Entities were injected to the Group at nil consideration and the net fair value of the identifiable net assets of the Operating Entities amounted to RMB23,797,000 with reference to the valuation performed by an independent firm of professional valuers was credited as capital contribution from a shareholder under the capital reserve.

(ii) Equity-settled share-based payments

The fair value of share options granted to employees before the listing of the Company was recognised as an employee expense with a corresponding increase in the capital reserve, over the period during which the employees become unconditionally entitled to the options in accordance with the accounting policy adopted for share-based payments in note 3 to the financial statements.

(2) Statutory reserve

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

The statutory reserve can be used to make good previous years' losses, if any, and may be converted into paid-up capital by issuing additional capital to the owners in proportion to the owners' existing equity holdings, provided that the balance after such conversion is not less than 25% of the registered capital.

30. RESERVES *(continued)*

(b) Company

	Share premium account	Treasury shares	Share redemption reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	226,006	(216)	7	(21,684)	204,113
Loss and total comprehensive loss for the year	–	–	–	(7,819)	(7,819)
Repurchase and cancellation of ordinary shares *(note 28)*	(1,022)	–	12	(12)	(1,022)
Net change in treasury shares *(note 28)*	–	216	–	–	216
At 31 December 2012 and 1 January 2013	224,984	–	19	(29,515)	195,488
Loss and total comprehensive loss for the year	–	–	–	(7,106)	(7,106)
At 31 December 2013	224,984	–	19	(36,621)	188,382

31. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December 2013, the Group disposed of the entire equity interest in Hong Kong 33 Group US Inc. to an independent third party at a consideration of RMB943,000.

	RMB'000
Net assets disposal of:	
Cash and bank balances	493
Other receivables	564
Other payables	(1)
	1,056
Loss on disposal of a subsidiary	(113)
	943
Satisfied by:	
Other receivables	943

An analysis of the net outflow of cash and cash equivalent in respect of the disposal of a subsidiary is as follows:

Cash and bank balances disposed of and net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(493)

The consideration receivable has been fully settled subsequent to the end of the reporting period.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions:

(i) During the year ended 31 December 2013, the Group's trade receivable amounting to RMB401,000 was settled by a customer with a building in Mainland China.

(ii) During the year ended 31 December 2012, the Group acquired certain motor vehicles with a fair value of RMB716,000 via a barter sale transaction.

(iii) During the year ended 31 December 2012, the Group settled certain trade payables of RMB934,000 through an amount due from an associate.

33. OPERATING LEASE ARRANGEMENTS

The Group leases its office premises under operating lease arrangements. Leases for these properties are negotiated for terms of one to three years (2012: one to three years).

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

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

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

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33 above, the Group had the following commitments at the end of the reporting period:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Agency fees for printed media and outdoor advertising	**83,436**	82,980
Other non-current assets for outdoor advertising	**–**	3,517
Investment in a movie	**20,000**	–
	103,436	86,497

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

35. CONTINGENT LIABILITIES

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

36. LITIGATION

As detailed in the Company's announcement made on 13 December 2012, there were some contractual disputes between Beijing Aoshen and Guangzhou Railway Group Culture Advertising Company (the "Plaintiff") regarding two agreements (the "Agreements") entered into between Beijing Aoshen and the Plaintiff dated 15 November 2011 and 16 November 2011. The Agreements were in relation to the grant of an exclusive right of operation by the Plaintiff to Beijing Aoshen for advertising on the "Haikou-Sanya" and "Guangzhou-Shenzhen" routes of the China Railway High Speed trains.

In the course of implementing the Agreements, there were disputes between Beijing Aoshen and the Plaintiff such that Beijing Aoshen gave notice to the Plaintiff on 30 May 2012 to terminate the Agreements. Subsequently, Beijing Aoshen received two writs in Mainland China issued by the Plaintiff alleging that Beijing Aoshen was in breach of the Agreements. As stated in the writs, the Plaintiff is seeking for the following orders from the court: (1) that the Plaintiff and Beijing Aoshen shall continue to perform the Agreements in accordance with their respective terms; (2) that Beijing Aoshen shall pay to the Plaintiff the total outstanding amount of approximately RMB15.3 million and the damages of approximately RMB4.7 million in accordance with the terms of the Agreements; and (3) that Beijing Aoshen shall be responsible for all the legal costs involved in the legal proceedings.

36. LITIGATION *(continued)*

Orders (the "First Order") were made from 廣州鐵路運輸中級法院 (the "Court") on 8 March 2013. The First Order stated that (i) the Agreements were terminated on 31 May 2012 pursuant to the termination notice served by Beijing Aoshen to the Plaintiff on 30 May 2012; (ii) Beijing Aoshen shall pay to the Plaintiff (I) the total outstanding amount under the Agreements; and (II) damages, (collectively the "Sums") of approximately RMB2.4 million and RMB5.5 million, respectively; and (iii) the legal costs of approximately RMB63,000 for the First Order shall be borne by Beijing Aoshen.

On 14 March 2013, Beijing Aoshen issued a writ to the Court against the Plaintiff for the Plaintiff's breach of the Agreements (the "Counterclaim"), and the first hearing of which was held on 8 May 2013. The Counterclaim was rejected by the Court on 29 May 2013.

Subsequently, both Beijing Aoshen and the Plaintiff filed their appeals in the current year on the results of the First Order in 廣東省高級人民法院 (the "High Court"). On 8 August 2013, orders (the "Second Order") were made by the High Court. The Second Order upheld the First Order and that the legal costs of approximately RMB81,000 for the Second Order shall be borne by Beijing Aoshen. Details of the Second Order and the Counterclaim were set out in the Company's announcement dated 18 September 2013.

Since Beijing Aoshen has not paid to the Plaintiff in accordance with the Second Order, the Plaintiff filed an application to the Court to freeze certain bank accounts (the "Bank Accounts"), motor vehicles (the "Motor Vehicles") and the equity interest in Beijing Oi Ai held by Beijing Aoshen (the "Equity Interest"), on 28 October 2013.

After a series of negotiations between the Group and the Plaintiff, on 27 November 2013, a settlement agreement was entered into between Beijing Aoshen and the Plaintiff under the supervision of the Court, pursuant to which:

(a) The Sums shall be reduced to RMB7.5 million (the "Revised Sums");

(b) The Plaintiff shall apply to the Court to unfreeze the Bank Accounts upon the date of the settlement agreement (of which such application has been made and the Bank Accounts were unfrozen before 31 December 2013);

(c) The Plaintiff shall apply to the Court to unfreeze the Motor Vehicles and the Equity Interest upon the full settlement of RMB7.5 million by Beijing Aoshen; and

(d) The Revised Sums shall be fully settled by way of: (i) a first installment of RMB2.0 million upon unfreezing the Bank Accounts; (ii) a second installment of RMB1.5 million within 30 days from the date of the first installment; and (iii) the remaining RMB4.0 million by eight installments, each not less than RMB0.5 million, before 30 October 2014.

Up to 31 December 2013, Beijing Aoshen has already settled the first installment and the second installment in aggregate of RMB3.5 million to the Plaintiff.

37. RELATED PARTY TRANSACTIONS

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

(a) Related party transactions

	Notes	2013 RMB'000	2012 RMB'000
Advertising agency fees to associates	*(i)*	**377**	2,800
Advertising agency fee to a non-controlling shareholder of a subsidiary	*(ii)*	**–**	2,700
Advertising agency fee to a joint venture	*(iii)*	**833**	–
Membership fee paid to a non-controlling shareholder of a subsidiary	*(iv)*	**–**	208

Notes:

(i) The advertising agency fees were paid/payable to associates, for the exclusive advertising agency rights of magazines operated by the associates.

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

(iii) The advertising agency fee was paid/payable to a joint venture for the exclusive advertising rights of a magazine.

(iv) The membership fee was paid to a non-controlling shareholder of a subsidiary on a mutually agreed basis.

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.

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

(b) Balances with related parties

The outstanding balances with related parties at the end of the reporting period are set out in notes 24 and 26 to these financial statements.

37. RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid/payable to the Company's directors as disclosed in note 8 to these financial statements and certain of the highest paid employees as disclosed in note 9 to these financial statements, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Short term employee benefits	**4,811**	5,044
Post-employment benefits	**81**	155
	4,892	5,199

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

Group

	2013	2012
	RMB'000	*RMB'000*
Financial assets — loans and receivables		
Amount due from an associate *(note 19)*	**–**	1,296
Trade receivables	**40,603**	43,409
Financial assets included in prepayments, deposits and other receivables	**53,597**	43,741
Amounts due from directors	**–**	3,260
Amount due from a shareholder	**–**	16,815
Cash and cash equivalents	**115,809**	142,587
	210,009	251,108
Financial liabilities — financial liabilities at amortised cost		
Trade payables	**31,896**	30,214
Financial liabilities included in other payables and accruals	**30,023**	42,066
Amount due to an associate *(note 19)*	**2,950**	–
	64,869	72,280

38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Company

	2013 *RMB'000*	2012 *RMB'000*
Financial assets — loans and receivables		
Amount due from a subsidiary	**190,078**	201,067
Cash and cash equivalents	**3,456**	342
	193,534	201,409
Financial liabilities — financial liabilities at amortised cost		
Accruals	**1,774**	1,709
Amount due to a subsidiary	**9,421**	255
	11,195	1,964

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in RMB or US$. The Group's certain operating assets are located in Mainland China and Hong Kong and denominated in US$. As the Group's net loss is reported in RMB, there will be a translation gain/loss as a result of the RMB depreciation/appreciation to US$.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's loss before tax.

	Increase/ (decrease) in US$ rate	Decrease/ (increase) in loss before tax
	%	RMB'000
2013		
If RMB weakens against US$	**5**	**1,537**
If RMB strengthens against US$	**(5)**	**(1,537)**
2012		
If RMB weakens against US$	5	3,149
If RMB strengthens against US$	(5)	(3,149)

Credit risk

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the credit terms which extend to customers and other activities undertaken by the Group. To manage credit risk, the Group has considered the long-established business relationship with the counterparty. Although the Group's trade receivables relate to a number of diversified customers, there is a certain concentration of credit risk. The trade receivables (after impairment) from the five largest debtors at 31 December 2013 represented 47% (2012: 33%) of the total trade receivables (after impairment), while 24% (2012: 10%) of the total trade receivables (after impairment) were due from the largest debtor. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

None of the Group's other receivables is either past due or impaired. The financial assets are included in other receivables for which there was no recent history of default.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables and deposits) and the projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through maintaining sufficient cash. The directors have reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk. The maturity of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, was less than one year.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities in the current year. The Group's policy is to keep the current ratio above 1.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2014.

FIVE YEAR FINANCIAL SUMMARY

The summary of the combined results of the Group for the year ended 31 December 2009 and the assets, liabilities and non-controlling interests of the Group as at 31 December 2009 has been extracted from the Company's listing prospectus dated 22 February 2011. Such summary was prepared as if the then group structure of the Group after the reorganisation for the listing of the Company's shares on 28 February 2011 had been in existence throughout the year ended 31 December 2009. The audited results of the Group for the years ended 31 December 2013, 2012, 2011 and 2010 and the audited assets, liabilities and non-controlling interests of the Group as at 31 December 2013, 2012, 2011 and 2010 are those set out in the published financial statements for the years ended 31 December 2013, 2012, 2011 and 2010, respectively.

RESULTS

	2013	2012	2011	2010	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**157,774**	226,353	216,841	208,910	104,719
Profit/(loss) before tax	**(21,412)**	(99,959)	26,408	95,407	14,494
Income tax	**(7,712)**	(7,621)	(11,974)	(24,537)	(5,814)
Profit/(loss) for the year	**(29,124)**	(107,580)	14,434	70,870	8,680
Attributable to:					
Owners of the Company	**(26,024)**	(107,109)	14,923	70,669	8,690
Non-controlling interests	**(3,100)**	(471)	(489)	201	(10)
	(29,124)	(107,580)	14,434	70,870	8,680

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	2013	2012	2011	2010	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**272,391**	310,001	398,654	228,244	143,027
Total liabilities	**(66,785)**	(75,138)	(54,779)	(115,155)	(114,495)
Non-controlling interests	**(3,712)**	(6,812)	(6,983)	(2,972)	(2,771)
	201,894	228,051	336,892	110,117	25,761

The summary above does not form part of the audited consolidated financial statements.