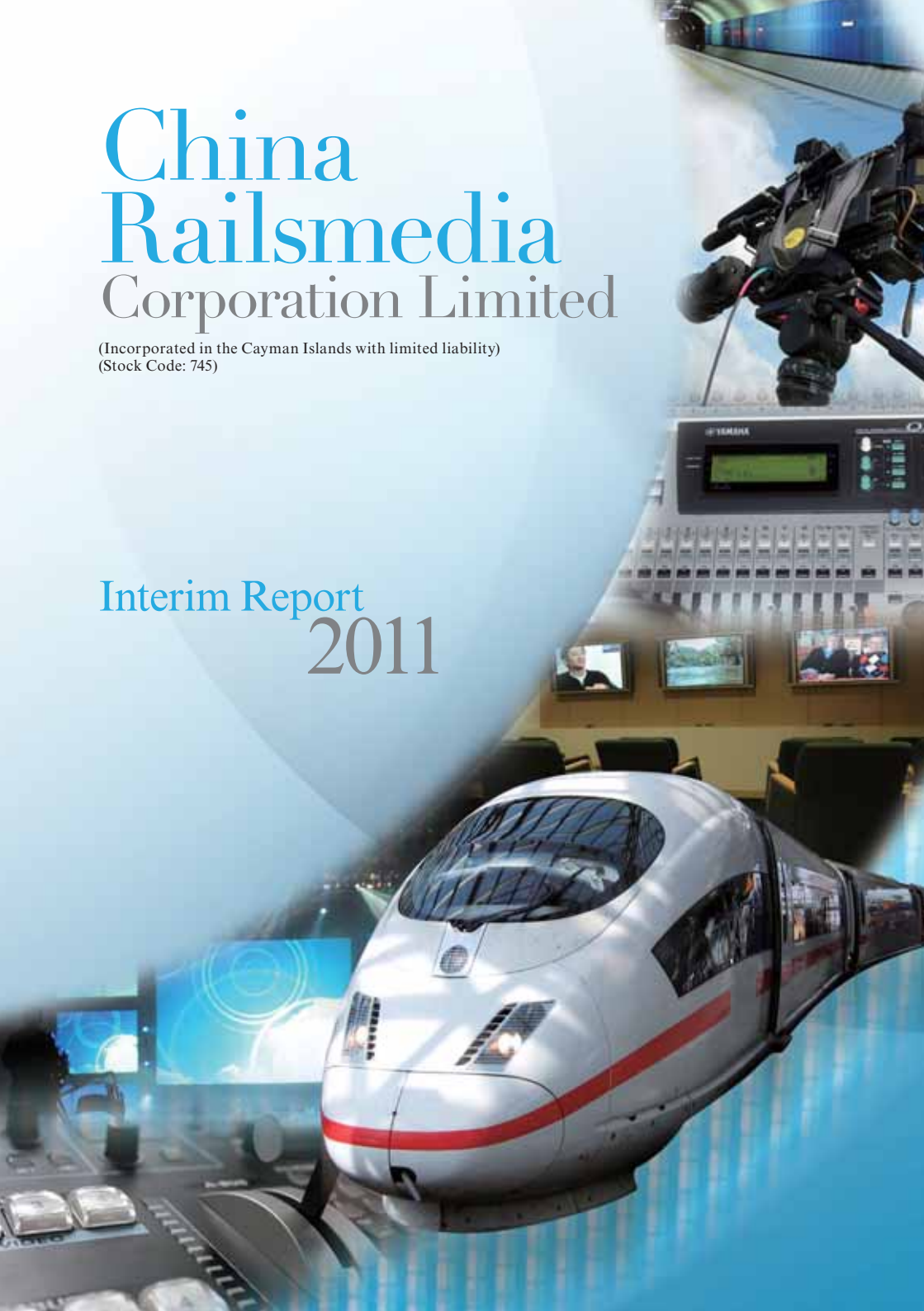


China Railsmedia Corporation Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 745)

Interim Report
2011



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Hiu Chi Yung (*Chairman*)
Mr. Hui Kau Mo

Independent Non-executive Directors

Mr. Liu Kwong Sang
Mr. Sit Hing Wah
Dr. Hu Chung Kuen, David

AUDIT COMMITTEE

Mr. Liu Kwong Sang
Mr. Sit Hing Wah
Dr. Hu Chung Kuen, David

COMPANY SECRETARY

Mr. Sin Kwok Wai, Ronald

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat C, 3/F., Shing Lee Commercial Building
No. 8 Wing Kut Street, Central
Hong Kong
Telephone 2861 2363
Facsimile 2861 2971

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Port Street
P.O. Box 705, George Town
Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

ORDINARY SHARE LISTING

Main Board of The Stock Exchange of
Hong Kong Limited
(Stock code: 745)



The board of directors (the “Board”) of China Railsmedia Corporation Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2011, together with the appropriate comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	Note	Six months ended 30 September	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Turnover	4	19,401	34,787
Cost of sales		(20,382)	(46,961)
Gross loss		(981)	(12,174)
Other revenue	4	5,871	997
Other income	5	–	24
Administrative expenses		(8,284)	(8,198)
Share of loss of a jointly-controlled entity		–	(2)
Impairment loss in respect of interest in a jointly-controlled entity		(2)	–
Loss from operating activities	5	(3,396)	(19,353)
Finance costs	6	(169)	(128)
Loss before taxation		(3,565)	(19,481)
Taxation	7	–	–
Loss for the period		(3,565)	(19,481)
Attributable to:			
– Owners of the Company		(2,559)	(18,296)
– Non-controlling interest		(1,006)	(1,185)
		(3,565)	(19,481)
Dividends	8	–	–
Basic loss per share attributable to owners of the Company	9	(HK0.14 cents)	(HK1.18 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(3,565)	(19,481)
Other comprehensive income:		
Exchange differences on translating foreign operations	2,966	487
Total comprehensive expense for the period	<u>(599)</u>	<u>(18,994)</u>
Attributable to:		
– Owners of the Company	(272)	(17,809)
– Non-controlling interest	(327)	(1,185)
	<u>(599)</u>	<u>(18,994)</u>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Note	As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		3,001	3,904
Goodwill		13,329	13,329
Available-for-sale financial assets		28,800	–
Interest in a jointly-controlled entity		–	7
		<u>45,130</u>	<u>17,240</u>
Current assets			
Amount due from customers for contract work		7,083	7,192
Accounts receivable	10	756	830
Prepayments, deposits and other receivables		37,448	34,031
Cash and cash equivalents		15,802	16,190
		<u>61,089</u>	<u>58,243</u>
Assets classified as held for sale		18,396	14,151
		<u>79,485</u>	<u>72,394</u>
Total assets		<u>124,615</u>	<u>89,634</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	12	18,638	15,538
Reserves		(16,661)	(37,469)
		<u>1,977</u>	<u>(21,931)</u>
Non-controlling interests		<u>24,307</u>	<u>26,082</u>
Total equity		<u>26,284</u>	<u>4,151</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 September 2011

	Note	As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Loan from shareholders		44,633	45,778
Promissory note		15,800	–
		<hr/>	
		60,433	45,778
		<hr/>	
Current liabilities			
Loan from shareholders		4,030	4,000
Accounts payable	11	4,836	9,013
Other payables and accruals		19,877	21,571
Amount due to a jointly controlled entity		–	3
Tax payable		47	7
		<hr/>	
		28,790	34,594
Liabilities directly associated with assets classified as held for sale		9,108	5,111
		<hr/>	
		37,898	39,705
		<hr/>	
Total liabilities		98,331	85,483
		<hr/>	
Total equity and liabilities		124,615	89,634
		<hr/>	
Net current assets		41,587	32,689
		<hr/>	
Total assets less current liabilities		86,717	49,929
		<hr/>	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Attributable to owners of the Company						
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Exchange translation reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2011	15,538	113,038	9,800	3,936	(164,242)	26,082	4,152
Loss for the period	-	-	-	-	(2,559)	(1,096)	(3,655)
Other comprehensive loss for the period	-	-	-	2,286	-	(679)	1,607
Total comprehensive loss for the period	-	-	-	2,286	(2,559)	(1,775)	(2,048)
Share capital issued	3,100	21,080	-	-	-	-	24,180
At 30 September 2011 (unaudited)	18,638	134,118	9,800	6,222	(166,801)	24,307	26,284
At 1 April 2010	15,538	113,038	9,800	1,061	(142,709)	29,740	26,468
Loss for the period	-	-	-	-	(18,296)	(1,186)	(19,482)
Other comprehensive loss for the period	-	-	-	2,065	-	-	2,065
Total comprehensive loss for the period	-	-	-	2,065	(18,296)	(1,186)	(17,417)
At 30 September 2010 (unaudited)	15,538	113,038	9,800	3,126	(161,005)	28,554	9,051



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	(2,466)	(5,885)
Net cash outflow from investing activities	(13,000)	(2,618)
Net cash inflow from financing activities	18,430	12
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	2,964	(8,491)
Cash and cash equivalents at the beginning of the period	26,716	38,378
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	29,680	29,887
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	15,802	29,887
Cash and cash equivalents included in a disposed group classified as held for sale	13,878	–
	<hr/>	<hr/>
	29,680	29,887
	<hr/>	<hr/>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs").

In the opinion of the directors, in light of the continual financial support from the major shareholders, the Group would have sufficient financial resources to satisfy its working capital needs for the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

2. Principal accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRS") issued by HKICPA.

HKFRSs (Amendments)

Improvements to HKFRSs issued in 2010

HKFRS 1 (Amendments)

Limited Exemption from Comparative HKFRS 7

Disclosures for First-time Adopters

HKAS 24 (Revised)

Related Party Disclosures

HK (IFRIC) – Int 14 (Amendments)

Prepayments of a Minimum Funding Requirement

HK (IFRIC) – Int 19

Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs has had no material effect on the amounts in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

2. Principal accounting policies (continued)

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets ¹
HKFRS 9	Financial instruments ⁴
HKFRS 10	Consolidated financial statements ⁴
HKFRS 11	Joint arrangements ⁴
HKFRS 12	Disclosures of interests in other entities ⁴
HKFRS 13	Fair value measurement ⁴
HKAS 1 (Amendments)	Presentation of items of other comprehensive income ³
HKAS 12 (Amendments)	Deferred tax : Recovery of underlying assets ²
HKAS 19 (2011)	Employee benefits ⁴
HKAS 27 (2011)	Separate financial statements ⁴
HKAS 28 (2011)	Investments in associates and joint ventures ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.



3. Segment information

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

- (a) the building construction segment engages in construction and foundation contract works as a main contractor or subcontractor for building construction in the private and public sectors;
- (b) the renovation, repairs and maintenance segment engages in site formation, civil engineering works, repairs, maintenance, renovation and fitting out works in the private and public sectors; and
- (c) the advertising segment engages in advertising services together with the provision of rail transit value-added services through LCD displays located at the ticketing offices of each station in the PRC.

Segment revenues and results

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

	Building construction		Renovation, repairs and maintenance		Advertising		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Contract revenue from external customers	563	14,982	18,315	18,860	523	945	19,401	34,787
Segment results	(67)	(7,226)	3,446	(3,212)	(4,006)	(4,664)	(627)	(15,102)
Interest income							-	21
Unallocated gains							-	70
Share of (loss)/profits of a jointly controlled entity							-	(2)
Impairment loss in respect of interest in a jointly controlled entity							(2)	-
Central administration costs							(2,767)	(4,340)
Loss from operating activities							(3,396)	(19,353)
Finance costs							(169)	(128)
Loss before taxation							(3,565)	(19,481)
Taxation							-	-
Loss for the period							(3,565)	(19,481)

3. Segment information (continued)

Segment revenues and results (continued)

There were no inter-segment sales during the period (30 September 2010: Nil). Segment profit represents the profit earned without allocation of central administration costs including directors' salaries, investment and other income, gain on disposals of subsidiaries, share of results of a jointly controlled entity, impairment loss in respect of interest in a jointly controlled entity, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	Building construction		Renovation, repairs and maintenance		Advertising		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2011	2011	2011	2011	2011	2011	2011	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	7,046	6,641	25,639	15,051	64,945	39,326	97,630	61,018
Unallocated assets							26,985	28,616
							<hr/>	<hr/>
							124,615	89,634
Segment liabilities	2,781	3,388	15,333	13,107	21,170	4,454	39,284	20,949
Unallocated liabilities							59,047	64,534
							<hr/>	<hr/>
							98,331	85,483

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

- all assets are allocated to reportable segments other than the item of unallocated assets.
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other financial liabilities and loan from shareholders.

Other segment information

	Building construction		Renovation, repairs and maintenance		Advertising		Unallocated		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September		30 September	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	-	-	4	1,292	1,623	42	43	1,334	1,670	
Addition:										
- non-current assets	-	-	-	-	2,667	-	7	-	2,674	
- available-for-sale financial assets	-	-	-	-	28,800	-	-	-	28,800	
Impairment loss in respect of interest in a jointly controlled entity	-	-	-	-	-	-	2	-	2	

4. Turnover and Revenue

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

An analysis of turnover and other revenue is as follows:

	Six months ended 30 September	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Turnover:		
Contract revenue	18,878	33,842
Advertising income	523	945
	<hr/>	<hr/>
	19,401	34,787
	<hr/>	<hr/>
Other revenue:		
Bank interest income	–	1
Other interest income	–	20
Rental income	–	15
Refund of legal and professional fees	5,777	930
Sundry income	94	31
	<hr/>	<hr/>
	5,871	997
	<hr/>	<hr/>

5. Loss from operating activities

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

	Six months ended 30 September	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Depreciation	1,334	1,670
Amount classified as cost of sales	(1,214)	(1,547)
	<hr/>	<hr/>
	120	123
	<hr/>	<hr/>
and after crediting:		
Other income:		
Gain on disposal of property, plant & equipment	–	5
Sundry income	–	19
	<hr/>	<hr/>
	–	24
	<hr/>	<hr/>

6. Finance cost

	Six months ended 30 September	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Interest on amount due to a related party	126	128
Imputed interest on promissory note	43	–
	<u>169</u>	<u>128</u>

7. Taxation

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the six months ended 30 September 2011 (30 September 2010: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. Dividends

The directors do not recommend the payment of an interim dividend in respect of the six month ended 30 September 2011 (30 September 2010: Nil).

9. Loss per share attributable to owners of the Company

The calculation of basic loss per share is based on the loss for the six months ended 30 September 2011 attributable to owners of the Company of approximately HK\$2,559,000 (30 September 2010: loss of approximately HK\$18,296,000) and the weighted average number of ordinary shares in issue during the financial period under review of 1,643,611,000 (As at 30 September 2010: 1,553,830,000).

Diluted loss per share for the six months ended 30 September 2011 and 2010 were not presented as there was no dilutive potential ordinary share.

10. Accounts receivable

An aged analysis of accounts receivable, net of provisions, as at the end of the reporting period is as follows:

	As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
	Within 30 days	<u>756</u>

11. Accounts payable

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

	As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
Within 30 days	183	5,462
31 – 90 days	–	40
91 – 180 days	2,969	2,847
Over 180 days	1,684	664
	<u>4,836</u>	<u>9,013</u>

As at 30 September 2011, no retentions payable are included in accounts payable under current liabilities (31 March 2011: Nil).

12. Share capital

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised (ordinary shares of HK\$0.01 each):		
At 1 April 2011 and 30 September 2011	10,000,000,000	100,000
Issued (ordinary shares of HK\$0.01 each):		
At 1 April 2011	1,553,830,000	15,538
Issue of shares	310,000,000	3,100
	<u>1,863,830,000</u>	<u>18,638</u>
At 30 September 2011		



13. Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. Eligible participants of the Scheme include the part-time or full-time employee, executive or officer of the Group (including the executive and non-executive directors of the Company), business consultants, agents, financial or legal advisers who the board of directors of the Company considers, in its sole discretion, will contribute or have contributed to the Group.

The Scheme became effective on 6 September 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

At the annual general meeting ("AGM") of the Company held on 29 August 2008, the maximum number of unexercised share options permitted to be granted under the Scheme has been refreshed to 10% of the shares of the Company in issue at the date of AGM. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue as at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue on the date of offer and with an aggregate value (based on the closing price of the Company's shares at the date of the offer) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and, commences after a certain period and, ends on a date which is not later than 10 years from the date of grant.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at the date of approval of these financial statements, the total number of shares available for issue under the Scheme is 186,383,000 shares representing 10% of the total issued share capital of the Company on that date.

No share option was granted, exercised, cancelled or lapsed under the Scheme during the period ended 30 September 2011.

14. Contingent liabilities

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

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

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

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

- (c) On 26 October 2010, a subsidiary of the Group received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project at No. 60 Victoria Road project. The amount of claim was approximately HK\$204,000. Since the date and up to the date of approval of these consolidated financial statements, the arbitration has not yet commenced.

As at the date of approval of these consolidated financial statements, no decision has been made in the arbitration. In the opinion of the directors, based on legal advices, since the arbitration proceedings are at a very early stage and the amount of the ultimate liability cannot be measured with sufficient reliability, therefore, no provision in respect of such claims was made in the consolidated financial statements.

14. Contingent liabilities (continued)

- (d) On 1 June 2011, a subsidiary of the Group received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Group on the construction project at Tsing Yi, Hong Kong. The amount of claim was approximately HK\$1,602,000.

As at the date of approval of these condensed consolidated financial statements, the subsidiary of the Group had paid HK\$1,000,000 to the subcontractor to settle the claim and the arbitration proceedings have been stayed with mutual agreement. In the opinion of the directors, the ultimate liability cannot be measured with sufficient reliability until final accounts is confirmed, therefore, no provision in respect of the balance amount of claim was made in the statements.

Saved as disclosed above and elsewhere in the financial statements, as at 30 September 2011, the Group and the Company had no other material contingent liabilities.

15. Operating lease commitments

The Group leases a warehouse and office premises under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
Within one year	205	712
In the second to fifth years, inclusive	–	205
	<u>205</u>	<u>917</u>

16. Capital commitments

	As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
Commitments for the capital injection to a subsidiary contracted but not provided for	<u>83,864</u>	<u>81,764</u>

17. Material related party transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

		30 September 2011 HK\$'000 (Unaudited)	30 September 2010 HK\$'000 (Unaudited)
	<i>Notes</i>		
Renovation fees received from Shanghai Jinjiang International Investment Co. Ltd ("Jinjiang") and its subsidiaries and associates	(i)	–	1,083
Operating leases received from Maximizer Asia (Shanghai) Ltd	(ii)	–	10

In the opinion of the directors, the above transactions arose in the ordinary course of business of the Group.

Notes:

- (i) Jinjiang is the minority shareholder of Jinjiang Wing Hong. The renovation fees were received in accordance with the terms of the renovation agreements signed between Jinjiang Wing Hong and Jinjiang and its subsidiaries and associates.
- (ii) Monthly Shanghai office rental fee received from Maximizer Asia (Shanghai) Ltd, Mr. Hui Kau Mo is the executive director and Mr. Liu Kwong Sang is the independent non-executive director of abc Multiactive Limited, which is the ultimate holding company of Maximizer Asia (Shanghai) Ltd.

18. Subsequent events

- (a) Refer to the Company announcement dated 21 January 2011, Wing Hong (China) Limited ("WH China") entered into an agreement to sell its entire interest of its non-wholly owned subsidiary, Shanghai Jinjiang Wing Hong Contracting Company Limited to Keen Honour International Limited ("Keen Honour"). It was approved by the Shanghai Municipal Commission of Commerce and the transaction for the disposal was completed on 11 October 2011. After the completion of the transaction, Shanghai Jinjiang Wing Hong Contracting Company Limited ceased to be the subsidiary of the Group.
- (b) Pursuant to Sale and Purchase Agreement dated 27 October 2011, an indirect wholly-owned subsidiary of the Company, Capital Marks Limited ("Capital Marks") as the Purchaser has conditionally agreed to acquire and Huge Leader Holdings Limited ("Huge Leader Holdings") as the Vendor has conditionally agree to sell the Sale Shares, which is 100% of the entire issued shares of its wholly-owned subsidiary, Huge Leader Development Limited at the consideration of HK\$690,000,000. The consideration shall be settled by procuring the Company to issue HK\$490,000,000 Convertible Preference Shares and HK\$200,000,000 Promissory Note to the Huge Leader Holdings upon Completion. The acquisition constitutes a very substantial acquisition of the Company and therefore is subject to the reporting and shareholders' approval requirements of the Listing Rules. Details of the transaction has been disclosed in the announcement dated 21 November 2011.

19. Approval of the financial statement

The unaudited financial statements were approved and authorised for issue by the Board of Directors on 28 November 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2011, the Group recorded a turnover of approximately HK\$19,401,000 in comparing to HK\$34,787,000 in corresponding period last year. Gross loss recorded HK\$981,000, whereas in same period last year, the gross loss was HK\$12,174,000. Loss attributable to owners of the Company for the period was HK\$2,559,000, as compared with a loss of HK\$18,296,000 recorded in same period last year.

Turnover from our building and construction business was approximately HK\$563,000 (2010: approximately HK\$14,982,000). Such turnover was contributed by uncompleted projects in prior year. The renovation, repairs and maintenance segment reported a turnover of approximately HK\$18,315,000 (2010: approximately HK\$18,860,000). This was also contributed mainly from uncompleted projects in last year.

Due to the keen market competition and low profit margin in projects for building, construction, renovation, repairs and maintenance, we plan to scale down these business segments gradually.

For advertising segment, turnover amounted to approximately HK\$523,000 (2010: approximately HK\$945,000). Although this business segment is now running at a loss, we are confident of its future due to the general prosperity of the Peoples' Republic of China (the "PRC"). Based on the present market trend and consumption pattern in PRC, we have decided to adopt a more competitive business strategy and business has been streamlined through restructuring targeted installation in cities and sites, and more efforts have been allocated to build channel sales network over the country.

To enrich our market exposure in PRC, we have established media alliances through business arrangement of airtime exchange, attending media events and cross business cooperation etc. so as to increase our market share and promote our business branding and services.

Our management has decided to have greater business development and market share in advertising and media business through investment and acquisition of those potentially healthy advertising business. In August 2011, we had made an investment in an established outdoor advertising business in Hong Kong.

Financial Review

Liquidity and financing

There were no bank borrowings as at 30 September 2011 and 31 March 2011. The Group's cash and bank deposits were approximately HK\$15,802,000 (31 March 2011: HK\$16,190,000).

The Group's gearing ratio, calculated by aggregate of amount due to a related party, loans from shareholders, promissory note and other non-current liabilities over total assets, decreased to 56.02% at 30 September 2011 from 66.33% at 31 March 2011.

Treasury policies

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

Pledge of assets

As at 30 September 2011 and 31 March 2011, no asset was being pledged since there is no external financing for the Group.

Employment information

On 30 September 2011, the Group had 30 full time employees (31 March 2011: 50 employees), whom are employed in Hong Kong and Mainland China. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

Prospect

One of the policies adopted by the PRC Government is to boost domestic consumption and hence advertising is inevitable for brand building purpose. We foresee such government policy will continue so that it provides good opportunities for us to capture the advertising market through our train station networks.

We have adopted a prudent approach to properly control our operation costs, and LCD displays are installed in a mild speed on selected train stations. Our market strategy of building media alliances and channel sales network over the country not only promoting our branding, but also market exposure.

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

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2011, the interests and short positions of the directors in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position in Shares, underlying shares and debentures of the Company or its associated corporations:

Name of Director	Company/name of associated corporation	Capacity	Name and class of securities/approximate shareholding percentage (Note 1)
Mr. Hui Chi Yung	Company	Settlor/Founder of The Wing Hong Trust (Note 2)	743,918,560 Shares/ 39.91% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust (Note 3)	1 ordinary share/ 100% (L)
	Wise Win Enterprises Limited	Settlor/Founder of The Wing Hong Trust (Note 4)	1 ordinary share 100% (L)
Mr. Hui Kau Mo	Company	Settlor/Founder of The Wing Hong Trust (Note 2)	743,918,560 Shares/ 39.91% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust (Note 3)	1 ordinary share/ 100% (L)
	Wise Win Enterprises Limited	Settlor/Founder of The Wing Hong Trust (Note 4)	1 ordinary share/ 100% (L)

Notes:

- The letter "L" denotes the Director's long position in such securities.
- These shares are held by Rich Place Investment Limited ("Rich Place") which is wholly owned by RBTT Trust Cooperation ("RBTT") and Wise Win Enterprises Limited, a wholly owned subsidiary of Rich Place. RBTT is the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.
- The share is held by RBTT. RBTT is the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.
- The share is held by Rich Place.

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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

At 30 September 2011, the interests and short positions (other than the directors of the Company) of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests in the shares and underlying shares of the Company, as required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Long position in shares, underlying shares and debentures of the Company or its associated corporations:–

Name	Company/Group Member	Capacity	Class and number of securities/approximate shareholding percentage (Note 1)
The Wing Hong Trust	Company	Beneficial owner (Note 2)	743,918,560 Shares/ 39.91%(L)
United Century Limited	Company	Beneficial owner (Note 3)	121,978,000 Shares/ 6.55%(L)
Hui Chi Yang	Company	Corporate interest (Note 3)	121,978,000 Shares/ 6.55%(L)
Chin Ivan	Company	Beneficial owner	104,920,000 Shares/ 5.63%(L)

Notes:

1. The letter "L" denotes the long position in such securities.
2. These shares are held by Rich Place and Wise Win Enterprises Limited, a wholly owned subsidiary of Rich Place. The entire issued share capital of Rich Place is held by RBTT, acting in its capacity as the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.
3. The entire issued share capital of United Century Limited is owned by Mr. Hui Chi Yang, who is the director of business development of the Group but is not a member of the Board. Mr. Hui Chi Yang is the brother of Mr. Hui Chi Yung and a son of Mr. Hui Kau Mo, both are executive Directors.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has adopted and met all the Code Provisions set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 September 2011 except for the following deviations:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee comprises three members and all of whom are independent non-executive directors of the Group. It has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters. The Audit Committee has also reviewed the interim results for the six months ended 30 September 2011.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the information and other related information of the Company as required by the Listing Rules will be published on the Stock Exchange's website in due course. Printed copies of 2011 interim report will be sent to shareholders before the end of December 2011.

APPRECIATION

The Directors would like to take this opportunity to thank our shareholders, the management and our staff members for their dedication and support.

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

Hong Kong, 28 November 2011

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

