中國傳媒影視控股有限公司*
China Media and Films Holdings Limited

(Formerly known as KH Invesment Holdings Limited)
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8172)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

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

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This announcement, for which the Directors (the "Directors") of China Media and Films Holdings Limited (formerly known as KH Investment Holdings Limited) (the "Company") collectively and individually accept 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 enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

* *For identification only*

ANNUAL RESULTS

The board of Directors (the "Board") of China Media and Films Holdings Limited (formerly known as KH Investment Holdings Limited) (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the comparative figures for 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000 (Restated)
Continuing operations			
Turnover	6	**26,547**	44,330
Cost of sales		**(20,430)**	(34,927)
Gross profit		**6,117**	9,403
Other revenue and other income		**442**	135
Administrative expenses		**(17,881)**	(11,384)
Other operating expenses	7	**—**	(6,387)
Finance costs	8	**(686)**	(603)
Loss before tax	9	**(12,008)**	(8,836)
Income tax expense	10	**—**	—
Loss for the year from continuing operations		**(12,008)**	(8,836)
Discontinued operation	11		
Loss for the year from discontinued operation		**(3,092)**	(11,415)
Loss attributable to owners of the Company		**(15,100)**	(20,251)
Loss per share	12		
From continuing and discontinued operations			
Basic and diluted		**HK(2.99) cents**	HK(4.00) cents
From continuing operations			
Basic and diluted		**HK(2.38) cents**	HK(1.75) cents
From discontinued operation			
Basic and diluted		**HK(0.61) cents**	HK(2.25) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
Loss for the year	**(15,100)**	(20,251)
Total comprehensive loss for the year	**(15,100)**	(20,251)
Total comprehensive loss attributable to owners of the Company	**(15,100)**	(20,251)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**2,244**	364
Film rights and films in progress		**1,601**	1,601
Goodwill		**—**	3,280
Total non-current assets		**3,845**	5,245
Current assets			
Trade receivables	*13*	**53**	1,300
Deposits, prepayments and other receivables	*14*	**10,772**	8,706
Cash and cash equivalents		**80,968**	97,558
Total current assets		**91,793**	107,564
Current liabilities			
Trade payables	*15*	**71**	11
Accruals and other payables		**2,826**	3,740
Receipts in advance		**4,348**	6,251
Convertible loan notes		**5,637**	—
Total current liabilities		**12,882**	10,002
Net current assets		**78,911**	97,562
Total assets less current liabilities		**82,756**	102,807
Non-current liability			
Convertible loan notes		**—**	4,951
Total non-current liability		**—**	4,951
Net assets		**82,756**	97,856
Equity			
Share capital		**5,056**	5,056
Reserves		**77,700**	92,800
Total equity		**82,756**	97,856

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Convertible loan notes reserve *HK$'000*	Share-based payments reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 January 2011	5,056	47,383	28,294	2,381	1,367	31,217	115,698
Net loss for the year	—	—	—	—	—	(20,251)	(20,251)
Other comprehensive loss for the year	—	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	—	(20,251)	(20,251)
Recognition of equity-settled share-based payments	—	—	—	—	2,409	—	2,409
Lapsed of share options	—	—	—	—	(3,776)	3,776	—
At 31 December 2011 and 1 January 2012	5,056	47,383	28,294	2,381	—	14,742	97,856
Net loss for the year	—	—	—	—	—	(15,100)	(15,100)
Other comprehensive loss for the year	—	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	—	(15,100)	(15,100)
At 31 December 2012	**5,056**	**47,383**	**28,294**	**2,381**	**—**	**(358)**	**82,756**

Notes:

1. GENERAL INFORMATION

The Company was incorporated as an exempted Company with limited liability in the Cayman Islands on 11 June 2001 and continued in Bermuda on 16 March 2009. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 March 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Rooms 2506-09, 25/F, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries and jointly controlled entities are provision of artist management, films production and films distribution.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2012. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures — Transfer of Financial Assets

The principle effect of adopting these HKFRSs are as follows:

(a) HKAS 12 (Amendments) Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the Group expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purpose of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. As the Group does not have investment property in prior and current period, the amendments have no financial impact on the Group.

(b) HKFRS 1 (Amendments) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

HKFRS 1 (Amendments) introduce a new deemed cost exemption for entities that have been subject to severe hyperinflation, whereby these entities can elect fair value as the deemed cost for assets and liabilities affected by severe hyperinflation in their first HKFRSs financial statements. The amendments also remove the legacy fixed dates in HKFRS 1 relating to derecognition and day one gain or loss transactions. As the Group is not a first time adopter of HKFRSs, the amendments have no financial impact on the Group.

(c) HKFRS 7 (Amendments) Disclosures — Transfer of Financial Assets

HKFRS 7 (Amendments) introduce more extensive quantitative and qualitative disclosure requirements regarding transfer transactions of financial assets, including information for understanding the possible effects of any risks that may remain with the entity that transfer the assets. As the Group does not have continuing involvement in the derecognised assets, the amendments have no financial impact on the Group.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised)	Employee Benefits[2]
HKAS 27 (Revised)	Separate Financial Statements[2]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle Issued in June 2012[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangement[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKFRS 27 (Amendments)	Investment Entities[3]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

(a) HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 clarify the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position at the beginning of the preceding period are not required to be presented.

(b) HKAS 19 Employee Benefits

The amendment to HKAS 19 includes the range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 from 1 January 2013. The application of this new standard is unlikely to have any material financial impact on the Group.

(c) HKAS 32 (Amendments) and HKFRS 7 (Amendments) Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirement) for financial instruments under an enforceable master netting agreement or similar arrangement. The Group expects to adopt the amendments from 1 January 2013. The application of the amendments is unlikely to have any material financial impact on the Group.

(d) HKFRSs (Amendments) Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1

The Annual Improvement to HKFRSs 2009-2011 Cycle includes a number of amendments to various HKFRSs. The amendments are effective for annual period beginning on or after 1 January 2013. Amendments to HKFRSs include:

HKAS 16 (Amendments) Property, Plant and Equipment

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

HKAS 32 (Amendments) Financial Instruments: Presentation

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 "Income Taxes". The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

(e) HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirement of HKFRS 9 are described below:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual period beginning on or after 1 January 2015, with earlier application permitted. The application of HKFRS 9 might affect the classification, measurement and presentation of the Group's financial assets and financial liabilities.

(f) New and revised standards on consolidated, joint arrangements, associates and disclosures

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

Key requirements of these five standards are described below:

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

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

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

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

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9, rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27. The amendments to HKFRS 12 also set out the disclosure requirements for investment entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (revised) and HKAS 28 (revised), together with the subsequent amendments to these standards issued in July and December 2012, from 1 January 2013.

The Directors anticipate that the application of HKFRS 11 will change the classification and subsequent accounting of the Group's jointly controlled entities, include in China Star Film Group Limited and its subsidiaries (the "China Star Film Group"), which are currently classified as jointly controlled entities under HKAS 31 and have been accounted for using the proportionate consolidate method. Under HKFRS 11, China Star Film Group will be classified as joint ventures and will be accounted for using equity method, resulting in the aggregation of the Group's proportionate share of China Star Film Group's respectively net assets and items of profit or loss and other comprehensive income into a single line item which will be presented in the consolidated statement of financial position and in the consolidated income statement as "investment in joint ventures" and "share result of joint ventures" respectively.

(g) HKFRS 13 Fair Value Measurement

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

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013. The application of this new standard is unlikely to have any material financial impact on the Group.

(h) HK(IFRIC)-Int 20 Stripping Costs in the Production Phase of a Surface Mine

HK(IFRIC)-Int 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation the costs from this waste removal activity (stripping) which provide improved access to ore is recognised as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 "Inventories". The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

HK(IFRIC)-Int 20 is effective for annual period beginning on or after 1 January 2013. Specific transitional provision are provided to entities that apply HK(IFRIC)-Int 12 for the first time. The application of this new standard will have no effect to the Group's financial statements as the Group does not engage in such activities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

The measurement basis used in the preparation of the consolidated financial statements is the historical cost convention, as modified for the revaluation of certain financial instruments which are stated at their fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group's continuing operations and reportable segments under HKFRS 8 are as follows:

(i)	Artist management	Service income from provision of artist management
(ii)	Film production and distribution	Investment in, production of, sale and distribution of films

An operating segment regarding infrared consultancy services was discontinued in the current year. The segment information reported below does not include any amounts for this discontinued operation.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Artist management		**Film production and distribution**		**Consolidated**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
Revenue from external customers	**26,543**	44,230	**4**	100	**26,547**	44,330
Results						
Segment (loss)/profit	**(3,953)**	1,264	**(22)**	(1,255)	**(3,975)**	9
Unallocated other revenue and other income					**129**	13
Unallocated expenses					**(7,476)**	(8,255)
Loss from operating activities					**(11,322)**	(8,233)
Finance costs					**(686)**	(603)
Loss before tax					**(12,008)**	(8,836)
Income tax expense					**—**	—
Loss for the year					**(12,008)**	(8,836)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment results represent the (loss)/profit (suffered)/earned by each segment without allocation of central administration costs including Directors' emoluments, other revenue and other income, 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.

(b) Segment assets and liabilities

	Artist management		Film production and distribution		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**54,129**	9,976	**34,458**	28,320	**88,587**	38,296
Unallocated assets					**7,051**	74,513
Total assets					**95,638**	112,809
Segment liabilities	**5,379**	8,153	**6**	6	**5,385**	8,159
Unallocated liabilities					**7,497**	6,794
Total liabilities					**12,882**	14,953

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

All assets are allocated to reportable segment other than unallocated head office and corporate assets as these assets are managed on a group basis; and

All liabilities are allocated to reportable segments other than convertible notes, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(c) Other segment information

	Artist management		Film production and distribution		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations						
Depreciation of property, plant and equipment	**358**	4	**—**	11	**358**	15
Addition to non-current assets*	**2,375**	24	**—**	2,020	**2,375**	2,044
Impairment loss recognised in respect of films in progress	**—**	—	**—**	1,390	**—**	1,390
Impairment loss recognised in respect of deposits to artist	**—**	4,997	**—**	—	**—**	4,977
Reversal of impairment loss recognised in respect of film rights	**—**	—	**—**	13	**—**	13

* Non-current assets excluded those relating to discontinued operation and financial instruments.

(d) Geographical information

In determining the Group's geographical information, revenue information is based on the location of the customers, and non-current assets information are based on the geographical location of the assets.

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

	Revenue from external customers		Non-current assets*	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
The People's Republic of China	**21,618**	39,942	**—**	—
Hong Kong	**4,741**	3,416	**3,845**	2,044
Others	**188**	972	**—**	—
	26,547	44,330	**3,845**	2,044

* Non-current assets excluded those relating to discontinued operation and financial instruments.

(e) Information about major customer

No revenue from transaction with single external customer amount to 10% or more of the Group's revenue for the year ended 31 December 2012 (2011: 2 external customers contributed approximately HK$5,106,000 and HK$4,904,000 respectively to 10% or more of the Group's revenue under artist management segment).

6. TURNOVER

Turnover represents the net amount received and receivables from customers, after allowances and trade discounts where applicable and services rendered.

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Artist management	**26,543**	44,230
Film distribution	**4**	100
	26,547	44,330

7. OTHER OPERATING EXPENSES

	2012 *HK$'000*	2011 *HK$'000*
Continuing operations		
Impairment loss recognised in respect of deposits to artist	—	4,997
Impairment loss recognised in respect of films in progress	—	1,390
	—	6,387

8. FINANCE COSTS

	2012 *HK$'000*	2011 *HK$'000*
Continuing operations		
Effective interest expenses on convertible loan notes	**686**	603

9. LOSS BEFORE TAX

	2012 *HK$'000*	2011 *HK$'000*
Continuing operations		
Auditors' remuneration	**750**	550
Consultancy fee	**300**	274
Depreciation of property, plant and equipment	**358**	15
Minimum lease payments under operating leases on land and buildings	**3,443**	114
Staff costs (excluding Directors' remuneration)		
Salaries and allowance	**6,384**	2,811
Equity-settled share option expenses	—	2,214
Pension scheme contributions	**114**	55

10. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statement as the Group and the Company has no assessable profit derived from Hong Kong for the year.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

At 31 December 2012, the Group had estimated unused tax losses of approximately HK$89,223,000 (2011: approximately HK$73,981,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

No deferred tax asset has been recognised due to the unpredictability of future profit streams.

The tax expense for the year can be reconciled to the loss per the consolidated income statement as follows:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Loss before tax from continuing operations	**(12,008)**	(8,836)
Notional tax on loss before tax calculated at the tax rates applicable to jurisdictions concerned	**(1,981)**	(1,458)
Tax effect of expenses not deductible for tax purpose	**3,099**	2,138
Tax effect of income not taxable for tax purpose	**(3,633)**	(44)
Tax effect of tax losses not recognised	**2,515**	427
Tax effect of utilisation of tax losses previously not recognised	**—**	(1,063)
Income tax expense for the year	**—**	—

11. DISCONTINUED OPERATION

On 29 June 2012, the Group disposed of its wholly-owned subsidiary of Infrared Engineering and Consultants Limited ("Infrared"). Upon completion of the disposal, Infrared ceased to be a subsidiary of the Company and the business of infrared consultancy services operation which is solely carried out by Infrared, has become a discontinued operation of the Group.

The loss for the year from the discontinued operation is analysed as follows:

	2012	2011
	HK$'000	*HK$'000*
Loss of infrared consultancy services operation for the year	**(132)**	(11,415)
Loss on disposal of infrared consultancy services operation	**(2,960)**	—
Loss for the year from discontinued operation	**(3,092)**	(11,415)

The results of the Infrared operations for the period from 1 January 2012 to 29 June 2012, which have been included in the consolidated income statement, were as follows:

	2012	2011
	HK$'000	*HK$'000*
Turnover	—	410
Cost of sales	—	(199)
Gross profit	—	211
Other revenue and other income	**120**	84
Administrative expenses	**(252)**	(789)
Other operating expenses	—	(10,920)
Finance costs	—	(1)
Loss before tax	**(132)**	(11,415)
Income tax expense	—	—
Loss for the year	**(132)**	(11,415)

Loss for the year from discontinued operation included the following:

	2012	2011
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**33**	66
Auditors' remuneration	—	—
Minimum lease payments under operating leases	**144**	232
Staff costs (excluding Directors' remuneration)		
Salaries and allowance	—	410
Loss on disposal of Infrared	**2,960**	—

Cash flows from discontinued operation were as follows:

	2012	2011
	HK$'000	*HK$'000*
Net cash outflows from operating activities	**(46)**	(186)
Net cash outflows from financing activities	—	(1)
Net cash outflows	**(46)**	(187)

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares.

From continuing and discontinued operations

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

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(15,100)**	(20,251)

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**505,650**	505,650

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible loan notes since their exercise would result in an anti-dilutive effect on loss per share.

From continuing operations

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

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company	**(15,100)**	(20,251)
Less: loss for the year from the discontinued operation	**(3,092)**	(11,415)
Loss from continuing operations for the purpose of calculating basic and diluted loss per share	**(12,008)**	(8,836)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK$0.61 cents per share (2011: HK$2.25 cents per share), based on the loss for the year from the discontinued operation approximately HK$3,092,000 (2011: HK$11,415,000), and the denominators used are the same as those detailed above for both basic and diluted loss per share from continuing operations.

13. TRADE RECEIVABLES

An aged analysis of the Group's trade receivables at the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 — 90 days	**53**	1,256
91 — 180 days	**—**	21
181 — 365 days	**—**	—
Over 365 days	**—**	23
	53	1,300
Impairment loss recognised	**—**	—
	53	1,300

Note:

The credit terms granted to the Group's customers vary and are generally the results of negotiations between the Group and individual customers. The Group has no significant concentrations of credit risk, with exposure spreads over a large number of customers. The credit terms of trade receivables are generally on 10 to 180 days (2011: 30 to 180 days).

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Deposit, net of impairment	**10,700**	8,331
Prepayments	**34**	267
Other receivables	**38**	108
	10,772	8,706

At 31 December 2012, deposits amounted to approximately HK$9,540,000 (2011: HK$8,255,000) represented the deposits paid for artist management and film production.

The Directors of the Company consider that the carrying amounts of deposits for artist management, film production and other receivables were approximate to their fair values.

Movements in impairment loss in respect of deposits to artist are as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 January	**5,440**	443
Impairment loss in respect of deposits to artist	**—**	4,997
At 31 December	**5,440**	5,440

No provision for individually impaired (2011: HK$4,997,000) included in the above impairment loss in respect of deposits (2011: HK$4,997,000) with a gross carrying amount approximately HK$5,440,000 (2011: HK$5,440,000). The individually impaired deposits related to the portions of deposit paid that were not expected to be recovered.

15. TRADE PAYABLES

An aged analysis of the Group's trade payables at the end of the reporting period is as follow:

	2012	2011
	HK$'000	*HK$'000*
0 — 90 days	**71**	11

The average credit period is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

16. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Change of Company Name

In order to reflect the principal activities of the Group, the Company has changed its name from "KH Investment Holdings Limited" to "China Media and Films Holdings Limited" and adopted the Chinese name "中國傳媒影視控股有限公司" as the secondary name of the Company in replacement of "嘉滙投資控股有限公司", which has been used by the Company for identification purpose only. Such resolutions were passed at the annual general meeting of the Company held on 16 May 2012 and became effective on 18 May 2012.

Business Review

Artist Management

During the year under review, the revenue contributed by such segment was approximately HK$26.5 million (2011: HK$44.2 million), representing a decrease of approximately 40.0% as compared with the year ended 31 December 2011. The gross profit margin increased to approximately 23.0% (2011: 21.2%). The stable gross profit margin in such segment was in line with the management's expectation.

Pending Litigation

On 30 May 2011, China Star Management Limited, an indirect wholly-owned subsidiary of the Company, issued a Writ of Summons against Tang's Workshop Limited ("Tang's Workshop") and claimed to recover the services rendered or work done and material supplied to Tang's Workshop for the sum of HK$127,500. At the date of this announcement, the result of the litigation has not yet been finalised.

Film Production and Distribution

During the year under review, the Group did not have any addition of film rights and a revenue of approximately HK$4,000 was recorded in such segment (2011: nil and HK$0.1 million respectively). The joint venture Company, China Star Film Group Limited which is engaged in the production and distribution of films, has two films in their pre-production phases. Due to the scheduling of the film casts and revision to the scripts, shooting of these two films has been delayed, and the production completion date and the release date of the films have not been determined. In early August 2012, Eternity Investment Limited ("Eternity") (stock code: 764), a company listed on the Main Board of the Stock Exchange, has become a substantial shareholder of the Company by acquiring an approximately 29% interest in the Company. Given that Eternity has engaged in film distribution business in the PRC since 2001, the acquisition of 29% equity interest in the Company by Eternity presents a good opportunity for the Group to form a strategic alliance with Eternity by leveraging the expertise, network and connections in the film distribution industry in the PRC of Eternity. At 31 December 2012, the entire cash and cash equivalents of China Star Film Group Limited of approximately HK$54.8 million was earmarked for film production business and of which HK$27.4 million was consolidated into cash and cash equivalents of the Company.

Provision of Infrared Thermal Imaging and Thermography Solutions and Consultancy Services

On 29 June 2012, Premium Dignity Investments Limited (the "Vendor"), an indirect wholly owned subsidiary of the Company, and an independent third party (the "Purchaser") entered into an agreement (the "Disposal Agreement") pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the entire issued share capital of Infrared Engineering & Consultants Limited (the "Disposed Company") for a consideration of HK$1 (the "Disposal"). The Disposal was completed immediately after entering into the Disposal Agreement.

As mentioned in the annual report of the Company for the year ended 31 December 2011, the business operations in the PRC market of the infrared consultancy services segment was scale-down due to uncertain business environment in the PRC market. Excluding the one-off expenses of impairment loss recognised in respect of goodwill of approximately HK$10.9 million, a net loss of approximately HK$0.5 million was recorded in such segment.

In addition, in accordance with the audited financial statements of the Disposed Company for the period ended 29 June 2012, the Disposed Company recorded a net loss and net liabilities position of approximately HK$0.1 million and HK$0.3 million respectively.

In view that the business operation of the Disposed Company has been at a continued loss and its financial position deteriorated to a net liability position, the Directors consider that by way of the Disposal, (i) the financial position of the Group can be improved in the long run; and (ii) the Group can direct its resources to another business segment or other potential investments.

After the Disposal, the Disposal Company ceased to be the subsidiary of the Group and its results and assets and liabilities will no longer be consolidated to those of the Group. The operation of the provision of infrared thermal imaging and thermography solutions and consultancy services was classified as discontinued operation for financial statement purpose. During the year under review, there was no revenue contributed by such segment (2011: HK$0.4 million). A loss on disposal of the Disposed Company, arised at the completion date of the Disposal, of approximately HK$3.0 million was recognised in the profit and loss of the Group as a result of the Disposal.

Financial Review

For continuing operations, the revenue of the Group was approximately HK$26.5 million for the year ended 31 December 2012 (2011: HK$44.3 million), and it was generated from the provision of artist management and film distribution, representing a decrease of 40.2% as compared with the year ended 31 December 2011.

Administrative expenses were mainly the legal and professional fees, staff costs, operating leases and other general administrative expenses of the Group incurred during the year under review. Administrative expenses increased by 57.0% to approximately HK$17.9 million from approximately HK$11.4 million in prior year. Such increase was mainly contributed by the payment of operating leases during the year. The operating leases, as the rental expenses paid to shareholder, is a facility sharing agreement ("Agreement") dated 30 April 2012 entered into between Golden Island Catering Group Company Limited ("Golden Island"), a wholly-owned subsidiary of Culture Landmark Investment Limited, and our subsidiary. Pursuant to the Agreement, the aggregate annual fees payable for each of the two years ending 31 March 2014 will be subject to the cap amount of HK$4,800,000, being the maximum annual amount payable. Golden Island is a connected person of the Company and the Agreement constitutes a continuing connected transaction of the Company. For details of the continuing connected transaction, please refer to the announcement dated 30 April 2012.

During the year, finance costs were approximately HK$0.7 million which was mainly derived from the effective interest expenses on the convertible loan notes (2011: HK$0.6 million).

During the year under review, loss for the year attributable to owners of the Company was approximately HK$15.1 million (2011: loss for the year attributable to owners of the Company was approximately HK$20.3 million), which was mainly attributed from the expenses on operating leases amounted to approximately HK$3.4 million (2011: HK$0.35 million) and the loss on disposal amounted to approximately HK$3.0 million.

Appointments and Resignations of Directors

On 5 March 2012, Mr. Cheng Yang, the Chairman and executive Director of the Company, was appointed as chief executive officer of the Company. Mr. Kan Yisong, Ms. Hui Ching and Ms. Jiang Di were appointed as executive Directors of the Company, and Ms. Hui Ching and Ms. Jiang Di were also appointed as vice presidents of the Company. On the same day, Mr. Kwok Wai Kin, Kenneth, Mr. Kenneth Ng Kwai Kai and Mr. Kelvin Leung So Po resigned as executive Directors and Mr. Fan Tung, Donald resigned as non-executive Director of the Company.

On 25 May 2012, Mr. Leung Wai Man was appointed as an executive Director, authorized representative, compliance officer, Company secretary and chief financial officer and Mr. Fung Wai Ching was appointed as an independent non-executive Director of the Company. On the same day, Mr. Kan Yisong and Ms. Hui Ching resigned as executive Director and Ms. Chio Chong Meng resigned as independent non-executive Director of the Company. For details of the above appointments and resignations, please refer to the announcements dated 5 March 2012 and 25 May 2012 respectively.

Future Plans

We are still planning the future developmental strategies for the Group and studying the prevalent market trends. However, regardless of the aforementioned, strengthening and developing the business of the Group are of almost importance so as to prepare ourselves for the upcoming challenges and opportunities.

Meanwhile, we will continue to identify other appropriate investment opportunities to penetrate into other business sectors.

Liquidity and Financial Resources

At 31 December 2012, the Group had total assets of approximately HK$95.6 million (2011: HK$112.8 million), including cash and cash equivalents of approximately HK$80.9 million (2011: HK$97.6 million).

During the year under review, the Group financed its operation with internally generated cash flows.

Capital Structure

During the year under review, there was no change in the capital structure of the Company.

Gearing Ratio

The gearing ratio, expressed as percentage of total liabilities over total assets, was approximately 13.5 (2011: 13.3).

Charge on the Group's Assets

At 31 December 2012, the Group did not have any charge on its assets.

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management closely monitors the exposures and will consider hedging the exposures should the need arise.

Commitments

At 31 December 2012, the Group had no commitments (2011: Nil).

Contingent Liabilities

At 31 December 2012, the Group had no contingent liabilities (2011: Nil).

Employees

At 31 December 2012, the Group had 16 employees. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

The Group did not hold any significant investment during the year ended 31 December 2012.

Continuing Connected Transaction

Golden Island Catering Group Company Limited ("Golden Island"), a wholly-owned subsidiary of Culture Landmark Investment Limited ("Culture Landmark"), as tenant entered into the tenancy agreement dated 30 March 2011 with China Resources Property Management Limited in respect of the lease of the premises ("Premises") which located at Rooms 2506-09, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong for a term of three years from 1 April 2011 to 31 March 2014.

On 30 April 2012, KH Investment Holdings Limited (formerly known as China Media and Films Holdings Limited), a wholly-owned subsidiary of the Company, entered into the facility sharing agreement ("Agreement") with Golden Island in respect of sharing of the Premises and facilities thereof. Golden Island has also agreed to provide office supporting services, including the provision of receptionist and such other services as may be requested by the Group.

Golden Island is a wholly-owned subsidiary of Culture Landmark and Culture Landmark is the controlling shareholder of the Company indirectly holding approximately 74.95% of the issued share capital of the Company as at 30 April 2012. Accordingly, Golden Island is a connected person of the Company and the Agreement constitutes a continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As the annual cap fees under the Agreement for each of the two years ending 31 March 2014 is HK$4,800,000, where all applicable percentage ratios are less than 5% on an annual basis, the Agreement is subject to the reporting and announcement requirements under Rules 20.45 to 20.47, the annual review requirements set out in Rules 20.37 to 20.40 and other requirements set out in Rules 20.35(1) and 20.35(2) of the GEM Listing Rules, but is exempt from the circular and independent shareholders' approval requirements under Rules 20.49 to 20.54 of the GEM Listing Rules.

Golden Island has agreed to provide office space and facilities in proportion. The Premises will be used as offices by the Group. The Directors (including the independent non-executive Directors) are of the opinion that the Agreement was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties with reference to the prevailing market rates for comparable office buildings in Wan Chai; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Agreement.

For details of the continuing connected transaction, please refer to the announcement dated 30 April 2012.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

Save as the disposal of Infrared Engineering & Consultants Limited, the Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies for the year ended 31 December 2012.

Future Plan for Material Investments and Capital Assets

The Group does not have any concrete plan for material investments or capital assets for the coming year.

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

As at 31 December 2012, the interests and short positions of the directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules, were as follows:

Name of associated corporation	Name of Director	Class of share held	Capacity	Number of shares held (Approximate percentage of the issued shares as at 31 December 2012)
Culture Landmark	Cheng Yang	Ordinary	Personal interest	1,786,000,000 (14.91%)
	Cheng Yang	Ordinary	Family interest	980,000 (0.01%)

Save as disclosed above, as at 31 December 2012, none of the director, or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required to be 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 Rules 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEMES

The Company adopted a share option scheme (the "Scheme") on 6 March 2002.

The scheme expired on 5 March 2012 and the Company is considering the adoption of a new share option scheme when appropriate. There is no outstanding share options as at 31 December 2012 and no share options had been granted during the year ended 31 December 2012.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes and employee award plan, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2012, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of substantial shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approximate percentage of the Company's issued share capital
Culture Landmark	Interest of controlled corporation *(Note 1)*	232,366,016	12,731,006	245,097,022	48.47%
New Asia Media Development Limited ("New Asia Media")	Beneficial owner *(Note 1)*	232,366,016	12,731,006	245,097,022	48.47%
Eternity Investment Limited	Interest of controlled corporation *(Note 2)*	146,640,000	—	146,640,000	29.00%

Name of substantial shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approximate percentage of the Company's issued share capital
Riche (BVI) Limited	Interest of controlled corporation *(Note 2)*	146,640,000	—	146,640,000	29.00%
Riche Advertising Limited	Beneficial owner *(Note 3)*	146,640,000	—	146,640,000	29.00%
Mr. Lo Yuk Sui ("Mr. Lo")	Interest of controlled corporation *(Note 4)*	35,247,161	—	35,247,161	6.97%
Secure Way Technology Limited ("Secure Way")	Interest of controlled corporation *(Note 4)*	35,247,161	—	35,247,161	6.97%
Net Community Limited ("Net Community")	Interest of controlled corporation *(Note 5)*	35,247,161	—	35,247,161	6.97%
Century Digital Holdings Limited ("Century Digital")	Interest of controlled corporation *(Note 6)*	35,247,161	—	35,247,161	6.97%
Grand Modern Investments Limited ("Grand Modern")	Interest of controlled corporation *(Note 7)*	35,247,161	—	35,247,161	6.97%
Century City International Holdings Limited ("Century City International")	Interest of controlled corporation *(Note 8)*	35,247,161	—	35,247,161	6.97%
Century City BVI Holdings Limited ("Century City BVI")	Interest of controlled corporation *(Note 9)*	35,247,161	—	35,247,161	6.97%
Century City Holdings Limited ("Century City Holdings")	Interest of controlled corporation *(Note 10)*	35,247,161	—	35,247,161	6.97%
Aikford Financial Services Limited ("Aikford")	Beneficial owner *(Note 11)*	35,247,161	—	35,247,161	6.97%

Notes:

(1) New Asia Media, a company which is wholly and beneficially owned by Culture Landmark, a company listed on the Main Board of the Stock Exchange, is the beneficial owner of 232,366,016 shares of the Company and zero-coupon convertible loan notes due 24 September 2013 in the principal amount of HK$6,200,000 issued by the Company carrying the right to convert into a total of 12,731,006 shares of the Company at the prevailing conversion price of HK$0.487 per share (subject to adjustment). The Chairman and Chief Executive Officer of the Company, Mr. Cheng Yang, is also the chairman, chief executive officer and executive director of the Culture Landmark.

(2) Riche (BVI) Limited is wholly and beneficially owned by Eternity Investment Limited.

(3) Riche Advertising Limited is the beneficial owner of 146,640,000 shares of the Company and is wholly and beneficially owned by Riche (BVI) Limited.

(4) Secure Way is wholly and beneficially owned by Mr. Lo.

(5) Net Community is wholly and beneficially owned by Secure Way.

(6) Century Digital is wholly and beneficially owned by Net Community.

(7) Grand Modern is wholly and beneficially owned by Century Digital.

(8) Grand Modern owns 50.38% interest in Century City International, a company listed on the Main Board of the Stock Exchange.

(9) Century City BVI is wholly and beneficially owned by Century City International.

(10) Century City Holdings is wholly and beneficially owned by Century City BVI.

(11) Aikford is the beneficial owner of 35,247,161 shares of the Company and is wholly and beneficially owned by Century City Holdings.

Save as disclosed above, as at 31 December 2012, the Company has not been notified by any persons (other than the directors and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

COMPETING INTERESTS

As at 31 December 2012, none of the Directors, the substantial shareholders nor their respective associate had an interest in any business which competes or may compete with the business of the Group.

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

At the date of this announcement, the Company has maintained the prescribed public float under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2012, the Company complied the code provisions of Corporate Governance Code ("CG Code") and Corporate Governance Report (revised and took effect on 1 April 2012) as well as those of the former Code on Corporate Governance Practice as set out by the Stock Exchange in Appendix 15 to the GEM Listing Rules, with the exception of CG Code Provisions A.2.1 (separation of roles of chairman and chief executives), A.4.1 (specific terms of non-executive Directors) and A.6.7 (Directors attending general meetings).

a. Chairman and Chief Executive Officer

Under the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company have been performed by Mr. Cheng Yang, who is also an executive Director. The Board still considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

The Board will review the effectiveness of this arrangement from time to time and consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

b. Terms of non-executive Directors

Under the CG Code provision A.4.1, all non-executive Directors should be appointed for a specific term, subject to re-election. The term of office for non-executive Directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the Directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this Code provision.

c. Non-executive Directors attending general meeting

Under the Code provision A.6.7 of CG Code, non-executive Directors should attend general meetings. Mr. Law Yiu Sang Jacky and Ms. Chio Chong Meng, being the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 16 May 2012 due to other business commitments.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2012, the Company has adopted a Code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company's Directors confirmed they have complied with the required standards of dealings and the Code of conduct regarding securities transactions by Directors adopted by the Company.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive directors to be independent.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's reports and financial statements and to provide advice and comment thereon to the board of Directors. The audit committee will also be responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

As at 31 December 2012, the audit committee has three members, namely Mr. Yip Tai Him (chairman of the audit committee), Mr. Law Yiu Sang, Jacky and Mr. Fung Wai Ching, all being independent non-executive Directors. Mr. Fung Wai Ching was appointed on 25 May 2012 due to the resignation of Ms. Chio Chong Meng on the same day. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the management team of the Company. During the year, the audit committee held four meetings to review the Group's annual report, interim report and quarterly reports.

The audit committee has reviewed the annual results of the Company for the year ended 31 December 2012 before proposing to the Board for approval.

By Order of the Board
China Media and Films Holdings Limited
Cheng Yang
Chairman

Hong Kong, 18 March 2013

As at the date of this announcement, the Board comprises Mr. Cheng Yang (Chairman and Chief Executive Officer), Mr. Leung Wai Man and Ms. Jiang Di as executive Directors; and Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Mr. Fung Wai Ching as independent non-executive Directors.

This announcement will be published on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of publication and on the Company's website at www.cmfhl.com.