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

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8172)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2013

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.

This announcement, for which the directors (the "Directors") of China Media and Films 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 purpose only*

UNAUDITED QUARTERLY RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2013, together with the comparative unaudited figures for 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended 31 March	
		2013	2012
		(Unaudited)	(Unaudited) (Restated)
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Turnover	*3*	**7,304**	6,055
Cost of sales		**(5,493)**	(4,820)
Gross profit		**1,811**	1,235
Other revenue and other income	*4*	**79**	4
Administrative expenses		**(4,329)**	(4,023)
Finance costs	*5*	**(186)**	(163)
Share of results of jointly controlled entities		**19**	(1)
Loss before tax	*6*	**(2,606)**	(2,948)
Income tax expense	*7*	**—**	—
Loss for the period from continuing operations		**(2,606)**	(2,948)
Discontinued operation			
Loss for the period from discontinued operation	*8*	**—**	(53)
Loss for the period attributable to owners of the Company		**(2,606)**	(3,001)
Dividend		**—**	—
Loss per share	*9*		
From continuing and discontinued operations			
— Basic and diluted		**HK(0.52) cent**	HK(0.59) cent
From continuing operations			
— Basic and diluted		**HK(0.52) cent**	HK(0.58) cent
From discontinued operation			
— Basic and diluted		**N/A**	HK(0.01) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(2,606)**	(3,001)
Other comprehensive income for the period	**—**	—
Total comprehensive loss for the period	**(2,606)**	(3,001)
Total comprehensive loss attributable to owners of the Company	**(2,606)**	(3,001)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 GEM of 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 unaudited condensed consolidated income statement and unaudited condensed consolidated statement of comprehensive income (the "Unaudited Consolidated Results") 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 Company's principal activity is investment holding and the principal activities of its subsidiaries and jointly controlled entities are provision of artist management services, and film production and film distribution.

2. Basis of preparation and consolidation

The Unaudited Consolidated Results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountant. In addition, the Unaudited Consolidated Results 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 Unaudited Consolidated Results is the historical cost convention, as modified for the revaluation of certain financial instruments which are stated at their fair values.

The preparation of Unaudited Consolidated Results 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.

All significant intercompany transactions, balances and unrealised gain on transaction within the Group have been eliminated on consolidation.

Except for described below, the accounting policies and basis of preparation adopted in the preparation of the Unaudited Consolidated Results are consistent with those adopted in annual financial statements for the year ended 31 December 2012.

Under Amendments to HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Group has applied the new policy for interests in jointly controlled entities occurring on or after 1 January 2013. The Group recognised its interests in jointly controlled entities at the beginning of the earliest period presented, as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's interests in jointly controlled entities for applying equity accounting.

Under the equity method of accounting, interests in jointly controlled entities are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. When the Group's share of losses in jointly controlled entities equal or exceeds its interests in jointly controlled entities (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entities), the Group does not recognise further losses, unless it has incurred obligation or made payments on behalf of the jointly controlled entities.

Unrealised gains on transaction between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the jointly controlled entities have been changes where necessary to ensure consistency with the policies adopted by the Group.

The effects of the change in accounting policies on the Unaudited Consolidated Results for the three months ended 31 March 2013 and 2012 are summarised below. The change in accounting policy has had no impact on loss per share.

	For the three months ended 31 March	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Decrease in other revenue and other income	**(22)**	—
Decrease in administrative expenses	**3**	1
Increase/(decrease) in share of results of jointly controlled entities	**19**	(1)
Net effect in loss for the period attributable to owners of the Company	**—**	—

3. Turnover

	For the three months ended 31 March	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Artist management income	**7,304**	6,055

4. Other revenue and other income

	For the three months ended 31 March	
	2013	2012
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**13**	4
Consultancy fee income	**66**	—
	79	4

5. Finance costs

	For the three months ended 31 March	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Effective interest expenses on convertible loan notes	**186**	163

6. Loss before tax

	For the three months ended 31 March	
	2013	2012
	(Unaudited)	(Unaudited) (Restated)
	HK$'000	*HK$'000*
Continuing operations		
Depreciation of property, plant and equipment	**131**	12
Minimum lease payments under operating leases on land and buildings	**1,148**	114
Staff costs (including directors' remuneration)		
Salaries and allowance	**2,190**	1,514
Pension scheme contributions	**48**	18

7. Income tax expense

No provision of Hong Kong Profits Tax has been provided as the Group did not generate any assessable profits arising in Hong Kong or the estimated assessable profit was wholly absorbed by tax losses bought forward during the period under review (2012: Nil).

8. 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 the Infrared, had become a discontinued operation of the Group.

The results of the discontinued operation for the period were as follows:

	For the three months ended 31 March	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other revenue and other income	—	60
Administrative expenses	—	(113)
Loss before tax	—	(53)
Income tax expense	—	—
Loss for the period from discontinued operation	—	(53)

9. Loss per share

For continuing and discontinued operations

The calculation of the basic loss per share for continuing and discontinued operations is based on the loss attributable to owners of the Company for the three months ended 31 March 2013 of approximately HK$2.6 million (2012: loss attributable to owners of the Company of approximately HK$3.0 million) and the weight average of 505,649,726 shares in issue during the three months ended 31 March 2013 and 2012.

For continuing operations

The calculation of the basic loss per share for continuing operations is based on the loss attributable to owners of the Company for the three months ended 31 March 2013 of approximately HK$2.6 million (2012: loss attributable to owners of the Company of approximately HK$2.9 million).

For discontinued operation

The calculation of the basic loss per share for discontinued operation is based on the loss attributable to owners of the Company for the three months ended 31 March 2013 of nil (2012: loss attributable to owners of the Company of approximately HK$0.1 million).

For the three months ended 31 March 2013 and 2012, the computation of diluted loss per share of continuing and discontinued operations do not assume the conversion of the outstanding convertible loan notes since their conversion would result in an anti-dilutive effect in loss per share.

10. Reserves

	Share premium (Unaudited) *HK$'000*	Contributed surplus (Unaudited) *HK$'000*	Convertible loan notes reserve (Unaudited) *HK$'000*	Retained profits/ (accumulated losses) (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
At 1 January 2012	47,383	28,294	2,381	14,742	92,800
Net loss for the period	—	—	—	(3,001)	(3,001)
Other comprehensive income for the period	—	—	—	—	—
Total comprehensive loss for the period	—	—	—	(3,001)	(3,001)
At 31 March 2012	47,383	28,294	2,381	11,741	89,799
At 1 January 2013	47,383	28,294	2,381	(358)	77,700
Net loss for the period	—	—	—	(2,606)	(2,606)
Other comprehensive income for the period	—	—	—	—	—
Total comprehensive loss for the period	—	—	—	(2,606)	(2,606)
At 31 March 2013	**47,383**	**28,294**	**2,381**	**(2,964)**	**75,094**

DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 31 March 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Artist Management

During the period under review, the revenue contributed by such segment was approximately HK$7.3 million (2012: HK$6.1 million), representing an increase of approximately 19.7% as compared with the period ended 31 March 2012. The gross profit margin increased to approximately 24.8% (2012: 20.4%). 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 to claim against Tang's Workshop Limited ("Tang's Workshop") for the sum of HK$127,500, being the fees charged for the services rendered and material supplied to Tang's Workshop. At the date of this announcement, the litigation has yet to be settled.

Share of Results of Jointly Controlled Entities

The Group has applied the new accounting policy for interests in jointly controlled entities occurring on or after 1 January 2013. Under the equity method of accounting, interests in jointly controlled entities are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income.

China Star Film Group Limited ("China Star Film Group"), a jointly controlled entity, is principally engaged in film production and distribution. During the period under review, China Star Film Group did not have any additional film rights and the share of its profit results approximately HK$19,000 was recorded (2012: loss of HK$1,000). China Star Film Group has two films in the preproduction phase. Due to the scheduling of the film casts and revision to the scripts, shooting of these two films has been delayed, and its completion date and the release date of the said 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, became a substantial shareholder of the Company by acquiring an approximately 29% shareholding interest in the Company. Given that Eternity has engaged in film distribution business in the People's Republic of China ("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 its expertise, network and connections in the film distribution industry in the PRC.

Financial Review

For continuing operations, the revenue of the Group was approximately HK$7.3 million for the period ended 31 March 2013 (2012: HK$6.1 million) and the revenue was generated from the provision of artist management, representing an increase of 19.7% as compared with the same period in 2012.

Administrative expenses were mainly the staff costs, operating leases and other general administrative expenses of the Group incurred during the period under review. Administrative expenses increased by 7.5% to approximately HK$4.3 million from HK$4.0 million in prior period. Such increase was mainly contributed by the payment of operating leases during the period. 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. The details of the continuing connected transaction is more particularly set out in the announcement dated 30 April 2012.

During the period under review, finance costs were approximately HK$186,000 which was mainly derived from the effective interest expenses on the convertible loan notes (2012: HK$163,000).

Loss for the period attributable to owners of the Company was approximately HK$2.6 million (2012: loss of HK$3.0 million), which was mainly attributed from the expenses on operating leases amounted to approximately HK$1.1 million (2012: HK$0.1 million) and the staff cost amounted to approximately HK$2.2 million (2012: HK$1.5 million).

Future Plans

We are still formulating the strategic plan for the Group with reference to the prevalent market trends. 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. We will continue to identify other suitable investment opportunities in other business sectors which may generate a better return to the Group.

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

As at 31 March 2013, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the associated corporation

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 March 2013)
Culture Landmark Investment Limited ("Culture Landmark")	Cheng Yang	Ordinary	Personal interest	89,300,000 (14.91%)
	Cheng Yang	Ordinary	Family interest	49,000 (0.01%)

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 will consider adopting a new share option scheme when appropriate. There is no outstanding share options as at 31 March 2013 and no share options had been granted during the period ended 31 March 2013. Particulars of the Company's share option schemes are set out in note 29 to the consolidated financial statements in the annual report of the Company for the year ended 31 December 2012.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, as at 31 March 2013, neither the Company nor any of its subsidiaries was a party to any arrangements which enable the Directors and chief executive of the Company to obtain benefits by means of acquiring shares in, or debentures of the Company or any other body corporate. 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 March 2013, 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%
Riche (BVI) 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 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 March 2013, the Company has not been notified by any persons (other than the Directors and chief executives 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 INTEREST

As at 31 March 2013, none of the Directors, the substantial shareholders nor their respective associates 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 three months ended 31 March 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasize a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigourous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public.

The Company has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules for the three months ended 31 March 2013, with the exception of CG Code Provisions A.2.1 (separation of roles of chairman and chief executives) and A.4.1 (specific terms of non-executive Directors).

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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the three months ended 31 March 2013, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings 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.

AUDIT COMMITTEE

The audit committee consists of 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.

The primary duties of the audit committee are to review the Company's annual report and financial statements, quarterly reports and interim report and to provide advice and comment thereon to the Board. The audit committee will also be responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

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. The audit committee has reviewed the first quarterly results for the three months ended 31 March 2013 before proposing to the Board for approval.

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

Hong Kong, 15 May 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 seven days from date of its publication and on the Company's website at www.cmfhl.com.