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MODERN MEDIA HOLDINGS LIMITED
現 代 傳 播 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(stock code: 72)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

2013 *HK$'000**		**2013** *RMB'000*	2012 *RMB'000*	Variance
797,875	**Turnover**	**631,180**	655,313	–3.7%
41,952	**Profit for the year**	**33,187**	65,268	–49.2%
HK$0.10	**Earnings per share — Basic** (RMB)**	**0.08**	0.15	–46.7%
786,079	**Total assets**	**621,849**	595,751	4.4%

The Board recommends the payment of final dividend of HK5.0 cents (RMB4.0 cents) (2012: HK5.5 cents) per share for the year ended 31 December 2013.

* The above amounts are translated into Hong Kong dollars ("HK$") at the rate of HK$1.2641 to RMB1.

** The amount is rounded to nearest two decimal places.

The board (the "Board") of directors (the "Directors") of Modern Media Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	2013	2012
		RMB'000	*RMB'000*
Turnover	*4*	**631,180**	655,313
Cost of sales		**(279,054)**	(278,457)
Gross profit		**352,126**	376,856
Other revenue		**4,062**	12,762
Other net income/(loss)		**353**	(366)
Selling and distribution expenses		**(156,259)**	(148,437)
Administrative and other operating expenses		**(146,815)**	(145,116)
Profit from operations		**53,467**	95,699
Finance costs	*5(a)*	**(2,456)**	(2,848)
Share of profit of associates		**48**	267
Share of profit/(loss) of a joint venture		**373**	(366)
Profit before taxation	*5*	**51,432**	92,752
Income tax	*6*	**(18,245)**	(27,484)
Profit for the year		**33,187**	65,268
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of an overseas associate		**(240)**	(50)
Exchange differences on translation of financial statements of overseas subsidiaries		**(2,296)**	2,013
Total comprehensive income for the year		**30,651**	67,231
Profit attributable to equity shareholders		**33,187**	65,268

	Note	2013 RMB'000	2012 RMB'000
Total comprehensive income attributable to equity shareholders		**30,651**	67,231
Earnings per share (RMB)	*7*		
Basic		**RMB0.0763**	RMB0.1509
Diluted		**RMB0.0762**	RMB0.1509

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Fixed assets	9	**125,518**	113,131
Intangible assets	10	**24,334**	15,749
Goodwill	10	**30,032**	28,203
Software development in progress		**2,577**	7,446
Interests in associates		**7,517**	7,709
Interest in a joint venture		**1,625**	1,252
Investments	11	**8,160**	269
Deposits paid for acquisition of properties		**29,258**	–
Deferred tax assets		**5,208**	1,836
		234,229	175,595
Current assets			
Trade receivables	12	**194,505**	214,283
Other receivables, deposits and prepayments		**64,385**	65,373
Deposits and cash		**128,730**	140,500
		387,620	420,156
Current liabilities			
Trade payables	13	**22,992**	19,850
Other payables and accruals		**75,980**	78,776
Amount due to an associate		**85**	1,142
Bank loans		**46,791**	34,014
Taxation payable		**25,597**	28,411
		171,445	162,193
Net current assets		**216,175**	257,963

	2013	2012
	RMB'000	*RMB'000*
Total assets less current liabilities	**450,404**	433,558
Non-current liabilities		
Bank loans	**(9,481)**	(11,350)
Deferred tax liabilities	**(2,339)**	(1,942)
	(11,820)	(13,292)
NET ASSETS	**438,584**	420,266
CAPITAL AND RESERVES		
Share capital	**3,848**	3,848
Reserves	**434,736**	416,418
TOTAL EQUITY	**438,584**	420,266

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Modern Media Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 March 2007 and registered as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its principal places of business in The People's Republic of China (the "PRC") and Hong Kong are at Units A, B & C, 10th Floor, Exhibition Centre, No. 1 Software Park Road, Zhuhai City, Guangdong Province, the PRC and Suite 1101–03, 11th Floor, 1063 King's Road, Quarry Bay, Hong Kong respectively; and its registered office is at Floor 4, Willow House, Cricket Square, P O Box 2804, Grand Cayman KY1-1112, Cayman Islands.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

(i) These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards ("IASs") and related Interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out below.

(ii) The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- *Annual Improvements to IFRSs 2009–2011 Cycle*

Amendments to IAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

IFRS 10, *Consolidated financial statements*

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and SIC 12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 11, *Joint arrangements*

IFRS 11, which replaces IAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under IFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under IFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

IFRS 12, *Disclosure of interests in other entities*

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards.

Annual Improvements to IFRSs 2009–2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets in note 3. However, the Group does not disclose segment liabilities on the basis that the amounts are not regularly provided to the CODM.

None of the other developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

The Group has three (2012 (restated): three) reportable segments as described below, which are the Group's strategic business units. During the year ended 31 December 2013, internal management reports have been reviewed and adjusted by the Group's management to aggregate the print media advertising and circulation into print media segment to reflect the financial performance of print media business as a whole. For each of the business units, the Group's senior executive management reviews internal management reports on a monthly basis. Segment information below is presented in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The following describes the operations in each of the Group's reportable segments:

— Print media: this segment engages in the sale of advertising space in, the publication of and the distribution of the Group's magazines.

  The Group's print media business was previously segregated into two reportable segments of print media advertising and circulation. These two reportable segments are re-grouped as "Print media" segment to conform with the internal management reporting. The comparative figures have been restated accordingly.

— Digital media: this segment is a digital media platform in which the Group publishes multiple digital media products and sells advertising spaces.

— Television: this segment engages in the production of customised contents for brand advertisers.

  Prior to the change in the operating strategy of the Group's television business unit, this segment previously engaged in sales of air-time television advertisements, sales of product placement advertisements within television programs, and syndication income from distributing programs to various television channels.

Other operations include the Group's provision of management and consultancy services, and exhibition and event arrangement services to the Group's customers.

(a) Segment results and assets

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include fixed assets, intangible assets, goodwill, software development in progress and trade receivables arising from each of the reportable segments as the Group's senior executive management considers that the utilisation of fixed assets, intangible assets, goodwill and software development in progress and the recoverability of trade receivables have significant impact to the Group's actual performance, liquidity and credit risk. No segment liabilities analysis is presented as the Group monitors and manages its liabilities on a group basis.

Revenue and expenses are allocated to each of the reportable segments with reference to the income generated by those segments and the expenses incurred by those segments. Segment results do not include the Group's share of results arising from the activities of the Group's associates and joint venture as these investments do not form a significant part of the Group's operation.

The measure used for reporting segment profit or loss is profit or loss before tax, as included in the internal management reports that are reviewed by the Group's senior executive management. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to the budget of the respective segments, and other entities that operate within these industries.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below:

		2013		
	Print media	**Digital media**	**Television**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue derived from the Group's external customers	**583,084**	**41,234**	**12,085**	**636,403**
Inter-segment revenue	**–**	**–**	**–**	**–**
Reportable segment revenue	**583,084**	**41,234**	**12,085**	**636,403**
Reportable segment profit/(loss)	**69,143**	**(8,955)**	**(2,950)**	**57,238**
Depreciation for the year	**(16,441)**	**(1,042)**	**(2,424)**	**(19,907)**
Amortisation for the year	**(742)**	**(8,143)**	**–**	**(8,885)**
Reportable segment assets as at 31 December 2013	**269,165**	**91,515**	**8,093**	**368,773**

		2012 (restated)		
	Print media	Digital media	Television	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue derived from the Group's external customers	630,932	31,919	5,192	668,043
Inter-segment revenue	–	2,283	–	2,283
Reportable segment revenue	630,932	34,202	5,192	670,326
Reportable segment profit/(loss)	100,738	12,819	(10,214)	103,343
Depreciation for the year	(16,026)	(1,473)	(2,331)	(19,830)
Amortisation for the year	(508)	(4,347)	–	(4,855)
Reportable segment assets as at 31 December 2012	295,332	73,035	6,984	375,351

(b) Reconciliations of reportable segment revenues, profit or loss and assets

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue derived from the Group's external customers	**636,403**	668,043
Other income	**16,179**	18,646
Less: Sales taxes and other surcharges	**(21,402)**	(31,376)
Consolidated turnover	**631,180**	655,313

	2013	2012
	RMB'000	*RMB'000*
Profit		
Reportable segment profit derived from the Group's external customers	**57,238**	103,343
Other income	**16,179**	18,646
Share of profit of associates	**48**	267
Share of profit/(loss) of a joint venture	**373**	(366)
Impairment loss on investments	**(269)**	(1,731)
Unallocated head office and corporate expense *(note)*	**(22,137)**	(27,407)
Consolidated profit before taxation	**51,432**	92,752

Note: Depreciation of RMB575,000 is included in unallocated head office and corporate expense for the year ended 31 December 2013 (2012: RMB575,000).

Amortisation of RMB57,000 is included in unallocated head office and corporate expenses for the year ended 31 December 2013 (2012: RMBNil).

Interest income of RMB757,000 is included in unallocated head office and corporate expense for the year ended 31 December 2013 (2012: RMB983,000).

Interest expenses of RMB2,456,000 is included in unallocated head office and corporate expenses for the year ended 31 December 2013 (2012: RMB2,848,000).

	2013	2012
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**368,773**	375,351
Corporate and unallocated assets	**8,193**	3,461
Interests in associates	**7,517**	7,709
Interest in a joint venture	**1,625**	1,252
Investments	**8,160**	269
Deposits paid for acquisition of properties	**29,258**	–
Deferred tax assets	**5,208**	1,836
Other receivables, deposits and prepayments	**64,385**	65,373
Deposits and cash	**128,730**	140,500
Consolidated total assets	**621,849**	595,751

(c) Geographic information

The following table sets out information about the geographical location of the Group's fixed assets, intangible assets, goodwill, software development in progress, investments and interests in associates and a joint venture ("specified non-current assets"). The geographical location of the specified non-current assets is based on (i) the physical location of the asset, in the case of fixed assets; (ii) the location of the operation to which they are allocated, in the case of intangible assets, goodwill and software development in progress; and (iii) the location of operations, in the case of investments and interests in associates and a joint venture.

	2013	2012
	RMB'000	*RMB'000*
The PRC (place of domicile)	**177,551**	154,048
Hong Kong	**17,826**	15,690
Japan	**3,191**	3,410
Taiwan	**1,195**	611
	199,763	173,759

(d) Major customers

The Group's customer base includes one customer (2012: one customer) with whom transactions have exceeded 10% of the Group's revenues. During the years ended 31 December 2013 and 2012, advertising income from this customer amounted to RMB86,618,000 and RMB81,985,000 respectively and arose mainly in print media reportable segment.

4 TURNOVER

The Group is principally engaged in the provision of multimedia advertising services, printing and distribution of magazines and provision of advertising-related services.

Turnover represents the invoiced sales net of sales discounts, sales returns and sales tax.

	2013	2012
	RMB'000	*RMB'000*
Advertising income	**591,022**	644,147
Circulation income	**17,065**	16,106
TV production, sponsorship, event and service income	**44,495**	26,436
	652,582	686,689
Less: Sales taxes and other surcharges	**(21,402)**	(31,376)
	631,180	655,313

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2013	2012
	RMB'000	*RMB'000*
(a) Finance costs		
Interest charged on:		
— Bank loans repayable within 5 years	**1,580**	1,816
— Bank loans repayable after 5 years	**876**	1,032
	2,456	2,848
(b) Staff costs		
Salaries, wages and other benefits	**178,092**	172,311
Share-based payments expense	**6,603**	904
Contributions to defined contribution retirement plan	**34,344**	34,706
	219,039	207,921
Less: Amount included in research and development expenditure *(note 5(c))*	**(7,288)**	(6,054)
	211,751	201,867
Staff costs included in:		
— Cost of sales	**96,427**	83,312
— Selling and distribution expenses	**66,863**	58,584
— Administrative and other operating expenses	**48,461**	59,971
	211,751	201,867
(c) Research and development expenditure		
Research and development expenditure comprise of:		
— Staff costs *(note 5(b))*	**7,288**	6,054
— Other research and development expenditure and overheads	**2,436**	5,165
	9,724	11,219
Less: Amounts capitalised	**(9,158)**	(10,932)
	566	287
(d) Other items		
Depreciation of fixed assets	**20,482**	20,405
Amortisation of intangible assets	**8,942**	4,855
Auditors' remuneration		
— Audit services	**1,776**	1,981
— Other services	**445**	355
Operating lease charges in respect of properties	**25,919**	23,423
Impairment losses on trade receivables recognised/(written back), net	**124**	(14)
Impairment loss on investments	**269**	1,731
PRC Government incentives (included in other revenue)	**(3,262)**	(11,779)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2013	2012
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax		
Provision for the year	**16,881**	22,228
Withholding tax *(note (v))*	**2,782**	1,006
Under/(over)-provision in respect of prior years	**1,558**	(508)
	21,221	22,726
Deferred tax		
Origination and reversals of temporary differences	**(2,976)**	4,758
	18,245	27,484

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) The provision for PRC Corporate Income Tax for the years ended 31 December 2013 and 2012 was calculated at the prevailing tax rates, pursuant to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

(iii) The provision for Hong Kong Profits Tax for the years ended 31 December 2013 and 2012 was calculated at 16.5% of the estimated assessable profits for the respective years. No provision for Hong Kong Profits Tax for the years ended 31 December 2013 and 2012 has been made on the subsidiaries in Hong Kong for Hong Kong Profits Tax as either the tax losses brought forward from previous years exceed the estimated assessable profits for the year or the subsidiaries have no estimated assessable profits in Hong Kong.

(iv) No tax attributable to associates and joint venture for the years ended 31 December 2013 and 2012 are included in the share of results of associates and joint venture respectively.

(v) During the year ended 31 December 2013, the Group made a provision of RMB2,782,000 (2012: RMB1,006,000) in respect of withholding income tax on (i) dividends distributed by Modern Media (Zhuhai) Technology Co., Ltd. ("Zhuhai Technology") and (ii) service income charged to PRC subsidiaries.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company, and the weighted average number of ordinary shares in issue (after adjusting for shares held for share award scheme) of 434,757,000 shares (2012: 432,428,000 shares) calculated as follows:

	2013	2012
	'000	*'000*
Issued ordinary shares as at 1 January	**437,850**	437,850
Effect of shares held for share award scheme	**(3,093)**	(5,422)
Weighted average number of ordinary shares at 31 December	**434,757**	432,428

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company, and the weighted average number of ordinary shares of 435,568,000 shares (2012: 432,428,000 shares), calculated as follows:

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**434,757**	432,428
Effect of deemed issue of shares for nil consideration with respect to the Linkchic Acquisition	**811**	–
Weighted average number of ordinary shares (diluted) at 31 December	**435,568**	432,428

8 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2013	2012
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK5.0 cents (equivalent to RMB3.96 cents) (2012: HK5.5 cents (equivalent to RMB4.46 cents)) per ordinary share	**17,319**	19,547

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2013	2012
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK5.5 cents (equivalent to RMB4.38 cents) per share (2012: HK3.5 cents (equivalent to RMB2.85 cents))	**19,168**	12,493

9 FIXED ASSETS

During the year ended 31 December 2013, the Group acquired items of fixed assets in aggregate of RMB33,103,000, which primarily consisted of building held for own use, leasehold improvements, furniture and fixtures and office equipment amounted to RMB11,851,000, RMB2,982,000, RMB8,367,000 and RMB9,505,000 respectively.

10 INTANGIBLE ASSETS AND GOODWILL

In April 2013, the Group entered into an agreement with an independent third party to acquire 100% equity interests of 每城美客（北京）網絡科技有限公司 ("Linkchic") (referred to as the "Linkchic Acquisition") for a consideration of RMB5,578,120 in cash and by the issue of the Company's shares to certain employees of Linkchic subject to certain vesting conditions as disclosed in the Company's announcement dated 23 April 2013.

Goodwill of RMB1,829,000 was recognised in respect of the Linkchic Acquisition.

For the year ended 31 December 2013, additions to intangible assets amounting to RMB14,027,000 comprised largely of development expenditures and related directly attributable costs on computer software systems of the Group.

11. INVESTMENTS

In October 2013, the Group acquired 20% equity interests in 天津假日傳媒發展有限公司 ("Tianjin Holiday") from an independent third party for a consideration of RMB8,160,000. The investment in Tianjin Holiday is not classified as an investment in associates as the Group does not have significant influence in Tianjin Holiday. The Group does not participate in the policy-making process and the operating and financial decisions of Tianjin Holiday.

12 TRADE RECEIVABLES

The Group normally allows a credit period ranging from 30 to 180 days to its advertising and circulation customers (with a certain limited number of customers granted a credit period of 270 days).

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**196,289**	215,954
Less: Allowance for doubtful debts	**(1,784)**	(1,671)
	194,505	214,283

Ageing analysis

An ageing analysis of trade receivables by transaction date is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 30 days	**70,246**	87,659
31 days to 90 days	**80,696**	74,847
91 days to 180 days	**30,416**	37,480
More than 180 days	**14,931**	15,968
	196,289	215,954
Less: Allowance for doubtful debts	**(1,784)**	(1,671)
	194,505	214,283

All of the trade receivables are expected to be recovered within one year.

13 TRADE PAYABLES

An ageing analysis of trade payables of the Group is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 30 days	**5,896**	9,439
31 days to 90 days	**10,495**	9,227
91 days to 180 days	**6,601**	1,148
More than 180 days	**–**	36
	22,992	19,850

All of the trade payables are expected to be settled within one year.

14 CONTINGENT LIABILITIES

At 31 December 2013, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to bank loans of up to RMB11,351,000 (2012: RMB13,090,000). The Company has not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries as their fair value cannot be reliably measured and their transaction price was Nil (2012: Nil).

At 31 December 2013 and 2012, the Directors do not consider it is probable that a claim will be made against the Company under any of the guarantees.

At 31 December 2013 and 2012, the Group had no other material contingent liabilities.

15 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to 31 December 2013, the Group settled the remaining consideration (and related legal and professional fees) in respect of the acquisition of properties of HK$67,522,000 (equivalent to RMB53,413,000) by ways of cash of HK$9,652,000 (equivalent to RMB7,635,000) and mortgage loans of HK$57,870,000 (equivalent to RMB45,778,000).

(b) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 8.

16 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 31 December 2013 and 2012 not provided for in the consolidated financial statements were as follows:

	2013	2012
	RMB'000	*RMB'000*
Authorised but not contracted for	**–**	7,500
Contracted for — Acquisition of properties	**53,413**	–

(b) Operating lease commitments

At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013	2012
	RMB'000	*RMB'000*
Leases expiring:		
— Within 1 year	**24,347**	15,343
— After 1 year but within 5 years	**24,086**	9,227
	48,433	24,570

(c) Other commitments

At 31 December 2013, the total future minimum payments under non-cancellable licensing agreements for international cooperation titles are as follows:

	2013	2012
	RMB'000	*RMB'000*
Licences expiring:		
— Within 1 year	**23,296**	11,831
— After 1 year but within 5 years	**83,980**	37,322
— After 5 years	**39,943**	22,902
	147,219	72,055

17 COMPARATIVE FIGURES

Certain comparative figures including (i) selling and distribution expenses and (ii) administrative and other operating expenses have been adjusted to conform to current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT SUMMARY

2013 followed the slow pace of economic development as in 2012. China's gross domestic products ("GDP") growth was at 7.8 % in 2013 which maintained almost the same level as last year (2012: 7.7 %) under the impacts of the accelerating inflation, slowdown in export growth and lacklustre property market. The overall operating environment for both advertisers and media operators in the region remained challenging.

In 2013, luxury brand advertisers became cautious with their advertising spending in the PRC market, because their sales were adversely affected by the government policies implemented for advocating economisation and prohibition of official expenditure. Fashion, watches and jewelry were the major sectors which substantially cut down their advertising spending. Moreover, Japanese brands also appeared to significantly reduce their advertising spending amid the tension between the PRC and Japan.

Even under the tough economic environment, the Company and its subsidiaries (the "Group") made an effort to record a single digit drop in the Group's revenue while it had a relatively larger decrease in profit in 2013. The Group's core print media remained as the major profit contributor, while its digital media and TV business performed satisfactorily in 2013. The Group's turnover for the year ended 31 December 2013 amounted to approximately RMB631.2 million, which represented a moderate decrease of 3.7% compared with that of 2012. The Group's two flagship weekly magazines, "Modern Weekly" and "Modern Lady Weekly", both recorded a slight decrease in revenue when compared with those in 2012. However, the renowned bi-weekly business magazine, "Bloomberg Businessweek/China" achieved a double-digit growth during 2013. Furthermore, the revenue of "iWeekly", one of the most popular Chinese media applications ("App"), achieved a year-on-year revenue growth of 13.8% in 2013. Despite immediate cost control initiatives had been implemented in responding to the market slowdown, the profit dilution effects caused by the drop of print media advertising revenue and the investments in launching new magazine title, such as "Bloomberg Businessweek/Traditional Chinese Edition" in Hong Kong, and series of new mobile Apps, such as "iLady", "iArt", "iLohas" and "iFashion", had led the Group's net profit to decrease by 49.2% as compared with that of last year, amounted to approximately RMB33.2 million for 2013.

2013 was a transition period for the Group which expanded its core business to include digital-media business. Starting from 2011, the Group had strategically restructured its business into three business segments, namely print media, digital media, and television. In 2013, print media remained as the major income contributor of advertising revenue while digital media and television segments had picked up rapid momentum in generating revenue. As at 31 December 2013, the segment results are as follows:

	Print Media *RMB'000*	**Digital Media** *RMB'000*	**Television** *RMB'000*
2013			
Reportable segment revenue	583,084	41,234	12,085
Reportable segment profit/(loss)	69,143	(8,955)	(2,950)
Segment EBITDA	86,326	230	(526)
2012			
Reportable segment revenue	630,932	34,202	5,192
Reportable segment profit/(loss)	100,738	12,819	(10,214)
Segment EBITDA	117,272	18,639	(7,883)

Regarding the segment results, the reportable segment revenue for print media segment in 2013 suffered an 7.6% decrease when compared with that in 2012. However, the segment earnings before interest, tax, depreciation and amortization ("EBITDA") in 2013 showed a slower downward trend when we compared it with the reportable segment profit in 2012 and in 2011. On the other hand, digital media segment recorded an increase in reportable segment revenue by 20.6% which was outweighed by the single digit decline of print media segment in 2013. Since the Group had made further investment in the development of a number of new Apps in 2013, the digital media segment only maintained a break-even situation in contrast to a profitable segment in 2012. The management of the Group believes that as soon as the new Apps pass their break-even scales in revenue, the digital media segment will pick up the profitable trend in 2014 and thereafter. The television segment has completed a successful transformation of business strategy and the reportable segment revenue has recorded a significant growth in 2013 by 132.8% when compared to that of 2012. The segment EBITDA had shown a healthy trend that this segment is likely to be break-even or even profitable in near future.

Even the financial performance of the Group may not be desirable in 2013 but the directors are satisfied with certain strategic milestones achieved by the Group.

(A) BUSINESS REVIEW

(i) Print Media

In 2013, the slowdown of luxury consumption in the PRC made a significant negative impact on print advertising market. The total advertising market of printed magazine category suffered a distinct decrease of 12.7% in 2013, in which all the three major categories recorded a decrease in the advertising spending: the fashion industry recorded a negative growth of 14.1%, auto industry recorded a negative growth of 12.8% and the cosmetics industry recorded a negative growth of 9.0%. The advertising markets hence experienced a lackluster performance given to the sluggishness in retail business.

**Remark:* Advertising information from the above paragraph is extracted from Advertising Expenditure Report of 2013 produced by www.meihua.info.

In the beginning of 2013, the Group had two national weeklies, one national bi-weekly, two local weeklies, five monthly magazines and two bi-monthly magazines in both the PRC and Hong Kong, covering the subjects of lifestyle, news, finance, culture, art, health, etc. In June 2013, the Group launched a weekly business magazine, namely "Bloomberg Businessweek/Traditional Chinese edition" in Hong Kong.

In 2013, the Group's portfolio of printed magazine titles contributed to the revenue of approximately RMB583.1 million (2012: RMB630.9 million), which recorded a decrease of approximately 7.6% as compared to 2012.

Owing to the aforesaid situation in the advertising market, the Group's core print business managed to deliver a satisfactory performance in 2013. The revenue of our flagship magazine, "Modern Weekly" was only slightly affected by the economic slowdown in the PRC, and maintained No. 1 in the advertising revenue within category of lifestyle weekly magazines in the PRC according to an audit report by Admango Limited. It remained as the favorable choice of print media brand advertisers while most of print competitors suffered deeply in this marginal growth environment. Furthermore, we had launched "The Art Newspaper (Chinese version)", a well-framed art informative newspaper, as periodical supplement to "Modern Weekly" in the PRC and "City Magazine" in Hong Kong, which has attracted new advertising client source to our existing client portfolio, such as international art gallery, auction houses etc.

"Modern Lady Weekly", another flagship magazine of the Group, with revenue which was slightly decreased when compared with 2012. It also continues to maintain a very strong position in terms of circulation among all women lifestyle magazines with the No. 1 ranking since its launch in 2008 in the PRC. "Modern Lady Weekly" launched a series of interactive marketing campaigns with readers by the readers' club namely "You Jia Hui" over a number of cities in the PRC in last year. Such series of marketing events had attracted widespread attention and received positive feedbacks from both advertisers and readers.

"Bloomberg Businessweek/China" (Simplified Chinese edition) has achieved an outstanding advertising performance across all industry segments as shown by a double-digit growth in its advertising revenue as compared to 2012. By comparing with 40 other business and financial magazines it ranked No. 7 in terms of advertising revenue in all categories, versus No. 10 in year 2012. Riding on the success of the model operated in the Simplified Chinese edition in the PRC, the Group launched "Bloomberg Businessweek/Traditional Chinese edition" in Hong Kong in June 2013 to meet our target position as a regional publisher. The investment in launching "Bloomberg Businessweek/Traditional Chinese edition" had been the major cause of EBITDA decline in print media. New strategies have been developed to optimize the operation of "Bloomberg Businessweek/Traditional Chinese edition". The publication cycle of the Traditional Chinese edition will be unified into bi-weekly as of the Simplified Chinese edition, in order to achieve greater cost and content synergy between the two titles. It is expected that through the rationale initiatives, financial performance of "Bloomberg Businessweek/Traditional Chinese edition" could have significant improvement in 2014.

Advertising revenue of other monthly magazines operated by the Group in the PRC and Hong Kong reported various performance. Some titles, such as LOHAS, Life Magazine etc., recorded better or similar revenue as in previous year. Whilst a majority of the monthly titles experienced revenue declines as per the general trend of the Group's print media business. The Group will continue to review our monthly magazine portfolio and target to attain an optimal result in the coming future.

(ii) Digital Media

Notwithstanding that the yearly growth rate was increased at 51.4% in the website and mobile digital application advertising market ("Overall Internet Ad Market") in 2013, we observed that this growth was mainly contributed by mainstream searching engine and niche category searching engine (i.e. Taobao, Jing Dong and Qunar). By taking out the growth of the aforementioned categories, it is estimated that there was only a double-digit growth in the mobile digital media category. Advertisers, especially luxury brand advertisers, were just starting to increase their advertising placement in high quality segmented mobile media. The Group's digital media revenue recorded a growth of 20.6% in 2013 when compared with that of 2012, which out-performed the general markets. With the Group's strategy to expand the digital media segment, the Group has made capital expenditure of RMB9.7 million to develop new Apps (such as. "iBloomberg-Traditional Chinese edition", "iLady", "iFashion" etc.) and major upgrades on existing App (i.e. "iWeekly").

**Remark:* information in the above paragraph is extracted from Internet Advertising Market Report 2013 served by iResearch.

Up to the end of 2013, the number of "iWeekly" downloads on smartphones and tablets reached approximately 7.2 million and 3.1 million respectively, a significant increase by 55.3% and 32.3% from the year 2012. The advertising revenue of "iWeekly" in 2013 increased by 13.8% when compared with that of 2012. It continues to be recognized as one of the most successful Chinese media Apps on both Apple iOS and Android platforms. "iWeekly" had undergone a content revamp increasing its investment in high quality contents, including licensed contents from certain famous international media brands, such as "The New York Times" and "Agence France-Presse" etc. The revamp was well-accepted by readers and increase their adherence to iWeekly.

"iBloomberg-Simplified Chinese edition" has achieved a satisfactory result with a user base on smartphones and tablets reaching approximately 2.8 million and 1.2 million respectively since its launch at the end of 2012. Moreover, it has proven that "iBloomberg-Simplified Chinese edition" was well accepted by both readers and advertisers.

In 2013, "iBloomberg-Simplified Chinese edition", generated RMB5.2 million income in its first year of operation, a higher start than "iWeekly" in its first year.

In June 2013, the Group also launched "iBloomberg-Traditional Chinese edition" and the user base on smartphones and tablets together reached more than 160,000 for the past 6 months. It was awarded as one of the Best Apps for the year 2013 in Apple's AppStore, and the iPhone version maintained Top 2 in Newsstand Top Grossing List in AppStore.

"iLady", a comprehensive information platform for elite women, was launched in July 2013. The App has already accumulated more than 1.9 million users as at the end of 2013. Integrated with the shopping guide feature of "Linkchic.com", "iLady" had offered the unprecedented "Ready-to-Buy" digital media experience to users. Advertisers also appreciated the direct promotional solution provided by the App. Meanwhile, "Linkchic.com" has been gradually transformed into a vertical e-Commerce platform for fast fashion supported by mix-and-match themes. We believe that both "iLady" and "Linkchic.com" are important moves for the Group to ride on the recent trend of e-Commerce outbreak.

Given the expansion plan in progress, the Group's digital media business experienced a temporary loss in 2013. However, the Group management are confident that the continuous investment in developing a leading digital media platform will build our competitive edges in the future media world.

(iii) TV media

Following the adjustments in business strategy in second half of 2012, TV media currently focuses on the customized production for its brand advertisers. TV media had already achieved a reportable segment revenue of RMB12.1 million in 2013 (2012: RMB5.2 million) which represented a significant increase of approximately 132.8% when compared with that of 2012. By comparing the loss of RMB10.2 million reported in 2012, TV media managed to reduce the loss to RMB3.0 million in 2013. Looking forward, the Group's TV media will continue the current business model and focus on customized production for brand advertisers in future. Hence, the Group believes that TV media is on the right track and will continue to deliver a satisfactory operating result in the coming years.

(B) BUSINESS OUTLOOK

Modern Media strives to become a leading composite elite media group in the PRC with a mission to propagate global outlook for a modern China. 2014 is the year marking the beginning of our digital media business. The Group will develop a new Modern Media and enter into the digital media market through a comprehensive reform of corporate development strategies, team culture, organizational structure, management mindset and business models. The Group will establish a digital media platform covering five major categories namely modern lifestyle, business and finance, creative design, culture and arts and women health according to the needs, interests and consuming behaviours of different elite groups, which form a multi-media, multi-platform and multi-format integrated communication based on social media, mobile digital application, video media, print media and on-site activities and experience. It will also extend its business from information media to the lower stream of the industry chain and offer innovation models of providing products and services such as online shopping, investment and wealth management and display rooms.

Establishment of an Elite Platform

As the economy of China has undergone market reform for over 30 years, the consumer demands in China has shifted from common demands to satisfy basic living requirements to differentiated demands, and further shifted to elite demands as a result of the improving consumption power and aesthetics. As a leading media brand targeting on specialized elite customers, Modern Media has continuously adjusted its strategies according to the market trend. The Group first introduced an integrated magazine "Modern Weekly" 15 years ago targeting on the consumer group featured with high income, high academic qualification and high consumption power. In addition to basic high-end consumptions, consumers in China have more personalized and professional elite demands along with the economic growth and social development. As such, the Group has been developing new featured media products to satisfy such demands. For instance, the Group published "The Outlook Magazine" ("TOM") for creative elites, "LOHAS" for people with LOHAS lifestyle, "Modern Lady Weekly" for urban high-end women and decision makers of family consumption, and "Bloomberg Businessweek/China" for new business leaders in emerging economies. These are the only and the first excellent elite marketing and communication platforms to provide international, modern, high class and updated social news for various groups of elite. The Group plans to classify our business into five elite media platforms, including modern lifestyle platform mainly comprised of "Modern Weekly", "Modern Lady Weekly" and "Numeró"; business and finance platform mainly comprised of "Bloomberg Businessweek/China"; creative design platform mainly comprised of "TOM"; culture and arts platform mainly comprised of "LEAP" and "The Art Newspaper (Chinese version)"; and women health platform mainly comprised of "LOHAS".

Restructuring and Rebuilding of Platforms

The establishment of the above platforms will lay a foundation for future development. Along with the media technology development, the strategic focus of the Group in the next two years is to restructure and rebuild such elite platforms, which will facilitate the Group to transform from a leading traditional print media to a leading digital media. From 2014, we aim to focus on the following 10 changes: (1) from paper to mobile digitized magazines; (2) from an operation-oriented business to a user-oriented business; (3) from circulation to data flow of magazine; (4) from printing to mobile internet and big data; (5) from conventional editing to online interactive publication; (6) from one-to-one reading to personalized and mass reading; (7) from services to readers and customers to interaction among users and customers; (8) from a printed version to live-update version; (9) from top down distribution to horizontal mobile internet distribution; (10) from advertising business mode to an innovative business model of a combination of free-of-charge, advertising, value-adding and e-Commerce. The Group will be integrated, reformed and innovated in the aspects of staff, products, circulation and revenue in order. In respect of rebuilding, each elite platform will be incorporated with multi-media contents to meet all demands of our users. The existing print media, digital media, video media and social media will be integrated into corresponding elite platform according to the product characteristics. Besides, the Group will strengthen the publisher system of the platforms. The publishers shall be responsible for the overall operation of media brands, products and users of the platforms. As the product managers of the platforms, in addition to identifying users' demands, selecting topics, perspectives of contents and visual presentation, the publishers shall be responsible to determine the forms of media to better interact with the users. Hot topic shall be designed based on its timeliness to achieve effective gradient propagation from social media to digital media and then print media, which maximize the circulation and media effects and impacts.

Extension and Development of platform

In the new age of mobile internet, media development cannot just rely on its organic growth. Liberalization and collaboration will become the mainstream of its development. We will seek cooperation with platforms with high circulation to enhance its capability to identify users' demands which will contribute to the establishment of an integrated community covering the selection of topics, design and perspective of reporting in accordance with users' demands, as well as the distribution methods. It can further spread its influence through sizeable platforms in addition to its own media. Meanwhile, we are establishing an open platform and plans to invite Media and We-the-Media with similar market positioning to cooperate. As a result, we are able to promptly increase the personalized contents available to its users without a significant increase in investments.

(1) Modern lifestyle platform

"Modern Weekly" and "iWeekly" App are our flagships of modern lifestyle platform. As brand clients increase their investments in mobile and digital media, the Group, as an industry leader, expects that "iWeekly" will continue to record rapid growth in line with the overall development of mobile and digital advertising. Moreover, the "iWeekly" may become the catalyst for innovation and business growth of "Modern Weekly" through integration and sharing of certain resources with specific topics, such as fashion, beauty and automotive. "iWeekly" will form a new technical and design team in additional to its existing customer innovation team. Through the combination of contents and technology innovation, "Modern Weekly" and "iWeekly" will jointly secure more advertising placement in addition to the recurrent advertisements.

"Modern Lady Weekly", "iLady" Apps, Linkchic.com as well as Metroer.com have jointly formed a consumption platform to serve elite women, where comprehensive solutions are provided in respect of "information, community, trial experience, shopping guide and e-commerce" for targeted customers on behalf of the brand clients. In 2014, in addition to stimulating the growth from advertising revenue, we will also put more efforts in the development of fashion-related merchants featuring clothing matching recommendations and household livings, such as household wealth management, housekeeping services and education. Our goal is to create a dimensional and functional "Online-to-Offline" ("O2O") system mainly through the platform of "Modern Lady Weekly" to satisfy the needs of elite women.

(2) Business and finance platform

"Bloomberg Businessweek/China", in particular the simplified Chinese edition, has maintained a strong growth momentum since its launch. Moreover, the corresponding App has been also well-received among the public and advertisers. In 2014, we plan to strengthen the simplified Chinese and digital edition of "Bloomberg Businessweek/China" and improve the its integration with traditional Chinese and digital edition to create synergies in allocation of resources, such as publishing the traditional Chinese edition bi-weekly and selecting topics from mainland China, Hong Kong and Taiwan. We aim to streamline the operating procedures and reduce costs through fully realization of information sharing. In addition, we are in discussion with Bloomberg L.P. and aim to strengthen the cooperation for jointly development of international media products, as well as relevant conferences and campaigns, so as to facilitate the international expansion of domestic enterprises to go international as well as the localization of international companies.

(3) *Creative design platform, culture and arts platform as well as women health platform*

The featured platforms of the Company, namely TOM, LEAP and LOHAS will focus on the application of O2O interactive model in 2014, as they are all elite media which enjoy high customer loyalty, frequent interaction and strong brand loyalty with special themes. Capitalising on these characteristics, the Group offers special commodities to the active users in the above platforms. For instance, the LOHAS has launched a household brand "LOHAS Day" which has achieved preliminary success. The business model of such platforms was diversified through on-line e-commerce as well as retail outlets. In 2014, we will continue to support the publishers of such platforms to insist the multifaceted business strategies and increase their scale and influences.

Future Strategic Cooperation

We plan to establish a cloud storage service with huge storage size and seek high-end e-commerce platforms for strategic cooperation in accordance with the characteristics of different elite platforms, in order to form a huge cloud database. Through external huge databases, we can identify high-end elite users and provide customized magazine and brand advertisements.

The management believes that above-mentioned strategies will ensure a sustainable and healthy development of Modern Media. In the short-term, the business and operating results of the Company is expected to regain a strong growth momentum. In the medium and long term, Modern Media is expected to maintain its leading position in the mobile and digital era with its specialized positioning of elite media.

(C) FINAL DIVIDEND

The Directors proposed to declare a final dividend of HK5.0 cents (2012: HK5.5 cents) per share, amounting to approximately HK$21.9 million, subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting. The proposed dividend will be payable to Shareholders whose names appear on the Register of Members of the Company on Friday, 6 June 2014 and payable on Friday, 27 June 2014.

(D) BOOK CLOSURE

The annual general meeting (the "AGM") of the Company is scheduled on Wednesday, 28 May 2014. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, with effect from 31 March 2014) for registration not later than 4:30 p.m. on Friday, 23 May 2014.

The proposed final dividend is subject to the passing of an ordinary resolution by the Shareholders at the AGM. The record date for entitlement to the proposed final dividend is Friday, 6 June 2014. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 5 June 2014 to Friday, 6 June 2014, both days inclusive, during which period no transfer of shares will be effected. In order to be qualified for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Wednesday, 4 June 2014. The payment of final dividend will be made on Friday, 27 June 2014.

LIQUIDITY AND FINANCIAL RESOURCES

Net cash flows

During the year, the Group had a net cash inflow from operating activities of approximately RMB83.2 million (2012: RMB73.3 million), which were largely attributable to the decrease in trade receivables. The increase in operating cash inflows was mainly resulted from the speeding up the collection of trade receivables and tightening the credit control procedures. On the other hand, the Group's cash outflow from investing activities amounted to RMB83.6 million (2012: RMB60.0 million) which was mainly attributable to (a) investment in fixed assets of RMB33.1 million including the purchase of furniture, fixtures and equipment for the Digital Media operation; (b) payment of the acquisition of 100% equity interests in Linkchic; and (c) the payment of deposit for the acquisition of office premises in Hong Kong. The cash outflow of the Group from financing activities amounted to RMB10.3 million (2012: RMB18.6 million) which was mainly owing to the payment of dividend of RMB18.9 million and the net drawdown of bank loans of RMB11.1 million.

Amounts due from Guangzhou Zhongde

Guangzhou Zhongde Consultation Company Limited ("Guangzhou Zhongde") was previously owned by Mr. Shao Zhong, an executive Director and controlling Shareholder of the Company and subsequently disposed of to an independent third party in May 2009. The amounts due from Guangzhou Zhongde were, as a result, reclassified to other receivables at 31 December 2009. As at 31 December 2012, other receivables included the amounts of RMB2.9 million due from Guangzhou Zhongde. This amount was subsequently settled in the year 2013.

Borrowings and gearing

As at 31 December 2013, the Group's outstanding borrowings was approximately RMB56.3 million (2012: RMB45.4 million). The total borrowings comprised secured bank loans of approximately RMB17.5 million (2012: RMB21.5 million) and other unsecured bank loans of approximately RMB38.8 million (2012: RMB23.9 million). The gearing ratio as at 31 December 2013 was 9.0% (31 December 2012: 7.6%), which was calculated based on the total debts divided by total assets at the end of the year and multiplied by 100%.

As at 31 December 2013, the total debts of the Group were repayable as follows:

	2013 *RMB'000*	2012 *RMB'000*
Within 1 year or on demand	**46,791**	34,014
After 1 year but within 2 years	**2,010**	1,870
After 2 years but within 5 years	**6,971**	6,488
After 5 years	**500**	2,992
	9,481	11,350
	56,272	45,364

CAPITAL EXPENDITURE

Capital expenditure of the Group for the year include expenditure on fixed assets of approximately RMB33.1 million (2012: RMB25.4 million). Major expenditure included the purchase of building held for own use, office equipment and furniture and fixtures.

ACQUISITIONS AND INVESTMENTS

In April 2013, the Group announced that it had entered into an agreement to acquire 100% equity interest in Linkchic and such acquisition has been completed.

In October 2013, the Group acquired 20% equity interests in Tianjin Holiday from an independent third party for a consideration of RMB8,160,000.

In December 2013, the Group entered a sale and purchase agreement with an independent third party for the purchase of office premises with a cash consideration of approximately HK$96,460,000 which is located at 7/F., Global Trade Square, No.21 Wong Chuk Hang Road, Hong Kong. The premises will be used by the Group as its head office in future.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

Save for the corporate guarantee given to banks and the Group's major printing supplier to secure the banking facilities and printing credit line, as at 31 December 2013, the Group did not have any material contingent liabilities or guarantees other than those disclosed below.

As at 31 December 2013, the Group's bank loans of RMB11.4 million was secured by mortgages over the Group's properties in Beijing, the PRC, guarantees from Shanghai Gezhi, a subsidiary of the Group. In addition, the Group's bank loan of RMB6.1 million was secured by pledged deposits.

As at 31 December 2013, the Group's printing credit line in an amount of approximately RMB23.8 million was secured by corporate guarantee given by the Company.

FOREIGN EXCHANGE RISKS

As most of the Group's monetary assets and liabilities are denominated in Renminbi and the Group conducts its business transactions principally in Renminbi and Hong Kong dollars, the exchange rate risk of the Group is not significant. The Group did not enter into any foreign exchange hedging instruments during the year 2013.

EMPLOYEES AND SHARE AWARD PLAN

As at 31 December 2013, the Group had a total of 1,076 staff (2012: 1,057 staff), total staff costs (including Directors' remuneration) were approximately RMB219.0 million (2012: RMB207.9 million). The emoluments of the Directors and senior management are reviewed by the Remuneration Committee. The increase in head counts was due to the recruitment of sales and editorial staff for the launch of "Bloomberg Businessweek/Traditional Chinese edition" and the expansion of digital media division in 2013.

To recognize and reward the contribution of eligible employees for contributing to the continual operation and development of the Group and to attract suitable personnel for further development of the Group, the Company approved an employee share award plan (the "Plan") on 3 December 2009 and has become effective on 7 December 2009. The Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. During the year 2013, the Company did not contribute any amount to the Plan and there were surplus funds in the Plan to acquire shares of the Company. During the year ended 31 December 2013, 3,025,000 shares of the Company were awarded and vested to selected employees under the Plan as approved by the Board of Directors of the Company.

REVIEW OF ANNUAL RESULTS AND PRELIMINARY RESULTS ANNOUNCEMENT

The annual results of the Group for the year ended 31 December 2013 have been reviewed by the Audit Committee of the Company.

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and do not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws in Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2013, the Company continued to apply the principles set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "CG Code").

The Directors are of the opinion that the Company had complied with the code provisions set out in the CG Code throughout the year of 2013. The Group also adhered to the recommended best practices of the CG Code insofar as they are relevant and practicable during the same year.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference on 24 August 2009 in compliance with the CG Code. The Audit Committee has four members comprising the four independent non-executive Directors, namely, Mr. Au-Yeung Kwong Wah, Mr. Wang Shi, Mr. Jiang Nanchun and Mr. Mao Xiaofeng.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed the year end closing and internal audit process, internal control and financial reporting matters for the year ended 31 December 2013 with management, the internal auditor and the external auditor. The Audit Committee has also reviewed the annual results for the year ended 31 December 2013.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions for the year ended 31 December 2013.

PUBLICATION OF THE ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company's annual report for the year 2013 will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.modernmedia.com.cn in due course.

By Order of the Board
Modern Media Holdings Limited
Shao Zhong
Chairman

Hong Kong, 18 March 2014

As at the date of this announcement, the Board comprises the following members: (a) as executive directors, Mr. Shao Zhong, Mr. Wong Shing Fat, Mr. Mok Chun Ho, Neil, Mr. Li Jian and Mr. Cui Jianfeng; (b) as non-executive director, Mr. Cheng Chi Kong; and (c) as independent non-executive directors, Mr. Jiang Nanchun, Mr. Wang Shi, Mr. Au-Yeung Kwong Wah and Mr. Mao Xiaofeng.