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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 2014

FINANCIAL HIGHLIGHTS

2014 *HK$'000**		**2014** *RMB'000*	2013 *RMB'000*	Variance
765,378	**Turnover**	**603,801**	631,180	**-4.3%**
47,906	**Profit for the year**	**37,793**	33,187	**13.9%**
0.11	**Earnings per share — Basic** (RMB)**	**0.09**	0.08	**12.5%**
856,672	**Total assets**	**675,822**	621,849	**8.7%**

The Board recommends the payment of final dividend of HK2.5 cents (RMB1.97 cents) (2013: HK5.0 cents) per share for the year ended 31 December 2014.

* The above amounts are translated into Hong Kong dollars ("HK$") at the rate of HK$1.2676 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 2014 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

		Year ended 31 December	
	Note	**2014**	2013
		RMB'000	*RMB'000*
Revenue	*3*	**603,801**	631,180
Cost of sales	*4*	**(268,242)**	(279,054)
Gross profit		**335,559**	352,126
Distribution expenses	*4*	**(150,752)**	(156,259)
Administrative expenses	*4*	**(139,576)**	(146,815)
Other income		**6,378**	3,305
Other (losses)/gains — net		**(1,302)**	353
Operating profit		**50,307**	52,710
Finance income		**808**	757
Finance expenses		**(4,421)**	(2,456)
Finance expenses — net	*5*	**(3,613)**	(1,699)
Share of (losses)/profits of investments accounted for using the equity method		**(663)**	421
Losses on disposal of an associate	*11*	**(777)**	–
Profit before income tax		**45,254**	51,432
Income tax expense	*6*	**(7,461)**	(18,245)
Profit for the year		**37,793**	33,187

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of:			
— overseas subsidiaries		**(1,102)**	(2,296)
— an overseas associate		**290**	(240)
Total comprehensive income for the year		**36,981**	30,651
Profit attributable to equity holders of the Company		**37,793**	33,187
Total comprehensive income attributable to equity holders of the Company		**36,981**	30,651
Earnings per share attributable to the equity holders of the Company for the year (expressed in RMB per share)			
Basic earnings per share	*7*	**RMB0.0867**	RMB0.0763
Diluted earnings per share	*7*	**RMB0.0867**	RMB0.0762

CONSOLIDATED BALANCE SHEET
At 31 December 2014

		As at 31 December	
	Note	**2014**	2013
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**212,172**	154,776
Intangible assets	*10*	**23,449**	24,334
Goodwill		**30,032**	30,032
Software development in progress		**3,410**	2,577
Interests in associates	*11*	**4,024**	7,517
Interest in a joint venture		**1,264**	1,625
Available-for-sale financial assets	*12*	**8,160**	8,160
Deferred income tax assets		**3,955**	5,208
		286,466	234,229
Current assets			
Trade and other receivables	*13*	**283,914**	258,890
Inventories		**39**	–
Restricted cash		**1,040**	2,440
Cash and cash equivalents		**104,363**	126,290
		389,356	387,620
Total assets		**675,822**	621,849
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**3,851**	3,848
Reserves		**184,134**	179,459
Retained earnings			
— Proposed final dividends	*8*	**8,642**	17,319
— Others		**261,971**	237,958
Total equity		**458,598**	438,584

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*14*	**48,318**	9,481
Deferred income tax liabilities		**888**	2,339
		49,206	11,820
Current liabilities			
Trade and other payables	*15*	**87,163**	98,972
Amounts due to related parties		**–**	85
Current income tax liabilities		**12,829**	25,597
Borrowings	*14*	**68,026**	46,791
		168,018	171,445
Total liabilities		**217,224**	183,265
Total equity and liabilities		**675,822**	621,849
Net current assets		**221,338**	216,175
Total assets less current liabilities		**507,804**	450,404

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL 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 Company 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, 10/F, Exhibition Centre, No. 1 Software Park Road, Zhuhai City, Guangdong Province, the PRC and 7F, Global Trade Square, No 21 Wong Chuk Hang Road, 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.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange") since 9 September 2009.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the provision of multi-media advertising services, printing and distribution of magazines and provision of advertising-related services.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, except that certain financial assets and liabilities are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

- Amendment to IAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a material impact on the consolidated financial statements.

- Amendment to IAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units which had been included in IAS 36 by the issue of IFRS 13.

- IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The adoption of this new standard has no material impact on the consolidated financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

(b) New and amended standards issued but are not effective and not yet adopted by the Group

- Amendment to IAS 19 regarding defined benefit plans: employee contributions, effective for the annual period beginning on or after 1 July 2014.

- Some amendments included in Annual Improvements 2012 and 2013 are effective for the annual period beginning on or after 1 July 2014, including:

  — Amendments to IFRS 8 "Operating segments"

  — Amendments to IAS 16 "Property, plant and equipment" and Amendments to IAS 38 "Intangible assets"

  — Amendments to IAS 24 "Related Party Disclosures"

  — Amendments to IFRS 3 "Business combinations"

  — Amendment to IFRS 13 "Fair value measurement"

  — IAS 40 "Investment property"

- IFRS 14 "Regulatory Deferral Accounts", effective for the accounting period beginning on or after 1 January 2016.

- Amendment to IFRS 11 on accounting for acquisitions of interests in joint operation, effective for the accounting period beginning on or after 1 January 2016.

- Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortisation, effective for the accounting period beginning on or after 1 January 2016.

- Amendments to IFRS 10 and IAS 28 on sale or contribution of assets between an investor and its associate or joint venture, effective for the accounting period beginning on or after 1 January 2016.

- Amendment to IAS 27 on the equity method, effective for the accounting period beginning on or after 1 January 2016.

- Some amendments included in Annual Improvements 2014 which are effective for the accounting period on or after 1 January 2016, including:

  — Amendments to IFRS 5 "Non-current assets held for sale and discontinued operations"

  — Amendments to IFRS 7 "Financial instruments: Disclosures"

  — Amendments to IAS 19 "Employee benefits"

  — Amendments to IAS 34 "Interim financial reporting"

- Amendments to IAS 16 and IAS 41 on Agriculture "bearer plants", effective for the accounting period on or after 1 January 2016.

- Amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities "applying the consolidation exception", effective for the accounting period on or after 1 January 2016.

- IAS 15 "Revenue from Contracts with Customers", effective for the accounting period beginning on or after 1 January 2017.

- IFRS 9 "Financial Instruments" replace the whole of IAS 39, effective for the accounting period beginning on or after 1 January 2018.

Management anticipates that the adoption of these new standards, amendments to standards and interpretation to standards will not result in a significant impact on the results and financial position of the Group.

(c) New Companies Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance Cap. 622. So far the Group has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3. SEGMENT INFORMATION

The chief operating decision-makers mainly include the senior executive management of the Company. They review the Group's internal reports in order to determine the operating segments, assess performance and allocate resources based on these reports.

Senior executive management considers the business from a business perspective, and assesses the performance of the business segment based on profit before income tax without allocation of finance income/(costs), and investments accounted for using equity method, which is consistent with that in the consolidated financial statements.

The amount provided to senior executive management with respect to total assets is measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of segment. Investments in associates and jointly controlled entities are not considered to be segment assets but rather are managed by the treasury function.

The Group has three (2013: three) reportable segments as described below, which are the Group's strategic business units. Segment information below is presented in a manner consistent with the way in which information is reported internally 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 and periodicals.

- 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.

(a) Revenue

The revenue by segment for the years ended 31 December 2014 and 2013 are set out as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Reportable segment revenue from external customers:		
— Print media	**492,395**	582,939
— Digital media	**93,850**	41,381
— Television	**10,837**	12,083
	597,082	636,403
Revenue derived from other operations (i)	**23,732**	16,179
Less: sales taxes and other surcharges	**(17,013)**	(21,402)
	603,801	631,180

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

(b) Adjusted EBITDA

The adjusted EBITDA of the Group for the years ended 31 December 2014 and 2013 are set out as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Print media	**55,189**	96,791
Digital media	**28,663**	(8,536)
Television	**(901)**	(526)
	82,951	87,729
Other revenue	**23,732**	16,179
Depreciation	**(18,894)**	(19,907)
Amortisation	**(8,910)**	(8,885)
Finance expenses — net	**(3,613)**	(1,699)
Share of (losses)/profits of investments accounted for using equity method	**(663)**	421
Losses on disposal of an associate	**(777)**	–
Losses on investment	**–**	(269)
Unallocated head office and corporate expenses	**(28,572)**	(22,137)
Profit before tax	**45,254**	51,432

	Year ended 31 December 2014		
Business segment	**Depreciation**	**Amortisation**	**Finance expenses — net**
	RMB'000	***RMB'000***	***RMB'000***
Print media	**14,913**	**36**	**2,954**
Digital media	**1,876**	**8,698**	**659**
Television	**2,105**	**176**	**–**
	18,894	**8,910**	**3,613**

	Year ended 31 December 2013		
Business segment	Depreciation	Amortisation	Finance expenses — net
	RMB'000	*RMB'000*	*RMB'000*
Print media	15,714	607	1,699
Digital media	1,769	8,278	–
Television	2,424	–	–
	19,907	8,885	1,699

(c) Total assets

Business segment	Year ended 31 December 2014 RMB'000	2013 RMB'000
Print media	**332,525**	240,451
Digital media	**128,960**	112,019
Television	**18,673**	16,303
	480,158	368,773
Corporate and unallocated assets	**6,111**	8,193
Interest in associates	**4,024**	7,517
Interest in a joint venture	**1,264**	1,625
Available-for-sale financial assets	**8,160**	8,160
Non-current prepayments	**–**	29,258
Deferred income tax assets	**3,955**	5,208
Trade and other receivables	**66,747**	64,385
Deposits and cash	**105,403**	128,730
Total assets	**675,822**	621,849

(d) Geographic information

The geographic location of the Group's property, plant and equipment, intangible assets, goodwill, software development in progress, available-for-sale financial assets and interests in associates and a joint venture ("specified non-current assets") were mainly in the PRC, Hong Kong and Taiwan as at 31 December 2014 and 2013.

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.

Compared to the geographic information as at 31 December 2013, the main change was that the Group disposed of its equity interest in an associate located in Japan (Note 11).

Assets by geographical location as at 31 December 2014 and 2013 are as follows:

	As at 31 December 2014 RMB'000	2013 RMB'000
Hong Kong	**146,782**	17,826
The PRC	**135,102**	177,551
Taiwan	**627**	1,195
Japan	**–**	3,191
	282,511	199,763

Revenue by geographical location for the year ended 31 December 2014 and 2013 is as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
The PRC	**545,319**	590,076
Hong Kong	**58,482**	41,104
	603,801	631,180

4. EXPENSES BY NATURE

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Employee benefit expenses	**215,460**	211,751
Advertising production expenses	**74,739**	73,575
Printing costs of magazines and periodicals	**62,828**	73,529
Marketing and promotion expenses	**61,375**	72,847
Office rental costs	**31,847**	30,636
License fee	**25,452**	24,137
Travelling and communication expenses	**23,419**	25,831
Depreciation	**20,540**	20,482
Office expenses including utility costs	**19,742**	24,089
Amortisation	**9,442**	8,942
Consultation expenses	**5,788**	6,022
Auditor's remuneration		
— Audit services	**1,780**	1,776
— Non-audit services	**350**	445
Stamp duties and other taxes	**1,077**	766
Impairment loss of equity investment	**–**	269
(Reversal of)/Provision for impairment of receivables	**(362)**	124
Other expenses	**5,093**	6,907
Total cost of sales, distribution and administrative expenses	**558,570**	582,128

5. FINANCE EXPENSES — NET

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Finance income:		
Interest income derived from bank deposits	**808**	757
Finance expenses:		
— Interest expenses on borrowings wholly repayable within 5 years	**(2,650)**	(1,580)
— Interest expenses on borrowings wholly repayable after 5 years	**(1,771)**	(876)
	(4,421)	(2,456)
Finance expenses — net	**(3,613)**	(1,699)

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current income tax:		
Current income tax on profits for the year *(d)*	**6,937**	19,663
Under-provision in respect of prior years	**722**	1,558
	7,659	21,221
Deferred income tax	**(198)**	(2,976)
	7,461	18,245

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

(b) Enterprises incorporated in Hong Kong are subject to income tax rates of 16.5% for the years ended 31 December 2014 and 2013. No provision for Hong Kong Profits Tax for the years ended 31 December 2014 and 2013 has been made on the subsidiaries in Hong Kong 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.

(c) The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable corporate tax rate on the estimated assessable profits based on existing legislations, interpretations and practices. The corporate income tax rate applicable to the Group's subsidiaries located in the PRC is 25%.

(d) During the year ended 31 December 2014, current income tax on profits for the year includes a provision of RMB2,049,000 (2013: RMB2,782,000) in respect of withholding income tax on (i) dividends distributed by Modern Media (Zhuhai) Technology Co., Ltd. ("Zhuhai Technology") and (ii) services income charged to PRC subsidiaries.

7. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is computed by dividing the net profit attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the year.

	Year ended 31 December	
	2014	2013
Profit attributable to equity holders of the Company (RMB'000)	**37,793**	33,187
Issued ordinary shares as at 1 January (thousands)	**437,850**	437,850
Weighted average number of shares held for share award scheme (thousands)	**(2,215)**	(3,093)
Weighted average number of shares awarded in respect of Linkchic acquisition (thousands)	**210**	–
Weighted average number of ordinary shares in issue (thousands)	**435,845**	434,757
Basic earnings per share (RMB per share)	**0.0867**	0.0763

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The calculation of the diluted earnings per share for the year ended 31 December 2014 was shown as:

	Year ended 31 December	
	2014	2013
Earnings		
Profit attributable to equity holders of the Company (RMB'000)	**37,793**	33,187
Weighted average number of ordinary shares in issue (thousands)	**435,845**	434,757
Effect of deemed issue of shares for nil consideration with respect to the Linkchic Acquisition (thousands)	**286**	811
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**436,131**	435,568
Diluted earnings per share (RMB per share)	**0.0867**	0.0762

8. DIVIDENDS

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

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Final dividends proposed after the end of the financial year of HK2.50 cents (equivalent to RMB1.97 cents) (2013: HK5.00 cents (equivalent to RMB3.96 cents) per ordinary share	**8,642**	17,319

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

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial year of HK5.00 cents (equivalent to RMB4.00 cents) per share (2013: HK5.50 cents (equivalent to RMB4.50 cents) per share)	**17,258**	19,168

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2014, the Group acquired items of fixed assets in aggregate of RMB80,079,000, which primarily consisted of building held for own use, leasehold improvement, office equipment, furniture and fixture and motor vehicles amounted to RMB53,842,000, RMB6,092,000, RMB2,586,000, RMB17,134,000 and RMB425,000 respectively.

10. INTANGIBLE ASSETS

For the year ended 31 December 2014, additions to intangible assets amounting to RMB8,521,000 comprising largely of development expenditures and related directly attributable costs on computer software system of the Group.

11. DISPOSAL OF AN ASSOCIATE

On 25 March 2014, the Group entered into share transfer agreements with Rakuraku and Mr. Xu Lele ("Mr. Xu"), being the controlling shareholder of Rakuraku and an independent third party, to dispose of all the Group's 20% equity interest in Rakuraku to Mr. Xu for an aggregate consideration of JPY45,000,000 (equivalent to RMB2,704,000). A loss of RMB777,000 was recognised.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS — UNLISTED EQUITY INVESTMENTS

	As at 31 December 2014 and 2013 *RMB'000*
Unlisted equity investments	10,160
Less: Provision for impairment	(2,000)
Carrying value	8,160

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 Group does not have significant influence nor participate in the policy-making process and the operating and financial decisions of Tianjin Holiday.

The fair value of this unlisted equity investment is based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities. As at 31 December 2014 and 2013, the investment cost approximated its fair value.

As at 31 December 2014 and 2013, another unlisted equity investment whose original cost of RMB2,000,000 was fully impaired.

13. TRADE AND OTHER RECEIVABLES

Group

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables (a)		
— Due from third parties	**218,589**	196,289
Less: provision for impairment of receivables (b)	**(1,422)**	(1,784)
Trade receivables — net	**217,167**	194,505
Value-added tax recoverable	**23,014**	20,414
Printing deposits	**13,690**	13,690
Rental, utility and other deposits	**10,645**	11,706
Prepayments	**8,660**	8,874
Advances to employees	**3,881**	3,265
Others	**6,857**	6,436
	283,914	258,890

As at 31 December 2014 and 2013, the fair value of the trade and other receivables of the Group approximated their carrying amounts.

(a) The ageing analysis of trade receivables, before provision for impairment, as at 31 December 2014 and 2013 is as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables, gross		
— Within 30 days	**61,861**	70,246
— Over 31 days and within 90 days	**84,360**	80,696
— Over 90 days and within 180 days	**44,681**	30,416
— Over 180 days	**27,887**	14,931
	218,589	196,289

The credit period granted to its advertising and circulation customers is between 30 to 180 days (with a certain limited number of customers granted a credit period of 270 days). No interest is charged on the trade receivables.

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

14. BORROWINGS

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current		
— Unsecured bank borrowings (a)	**59,377**	38,821
— Secured bank borrowings (b)	**7,865**	7,970
— Other secured loan (c)	**784**	–
	68,026	46,791
Non-current		
— Secured bank borrowings (b)	**34,576**	9,481
— Other secured loan (c)	**13,742**	–
	48,318	9,481
	116,344	56,272

(a) As at 31 December 2014, unsecured bank borrowings of RMB27,600,000 (31 December 2013: RMB10,000,000) were guaranteed by Mr. Shao, the controlling shareholder of the Company and Modern Media (Zhuhai) Technology Company Limited, an indirect wholly-owned subsidiary of the Group; and unsecured bank borrowings of RMB16,000,000 (31 December 2013: RMB6,000,000) were guaranteed by Mr. Shao, the controlling shareholder of the Company.

The remaining unsecured bank borrowings of RMB15,777,000 (31 December 2013: RMB22,821,000) were credit loans.

(b) As at 31 December 2014, secured bank borrowings of RMB38,341,000 (31 December 2013: RMB11,351,000) were secured by the buildings of the Group with a carrying amount of RMB115,986,000 (31 December 2013: RMB34,048,000), among which RMB9,480,000 (31 December 2013: RMB11,351,000) were guaranteed by Shanghai Gezhi Advertising Company Limited and Shenzhen Yazhimei Information Media Company Limited, both are indirect wholly-owned subsidiaries of the Group.

The remaining secured bank borrowings of RMB4,100,000 (31 December 2013: RMB6,100,000) were secured by the pledged deposits of RMB1,040,000 (31 December 2013: RMB2,440,000), and were guaranteed by Modern Media (Zhuhai) Technology Company Limited, an indirect wholly-owned subsidiary of the Group.

(c) As at 31 December 2014, other secured loan of RMB14,526,000 (31 December 2013: nil), borrowed from a developer for the acquisition of a property in Hong Kong, was secured by the property with a carrying amount of RMB82,735,000 (also included as security for bank borrowings as mentioned in Note 14(b)) and was also guaranteed by Mr. Shao, the controlling shareholder of the Company, and Ms. Zhong Yuanhong , an employee of the Group.

15. TRADE AND OTHER PAYABLES

(a) An analysis of the nature of trade and other payables of the Group was as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade payables:		
— Due to third parties	**29,632**	31,666
Other payables:		
Advances from customers	**19,123**	22,512
Accrued taxes other than income tax	**10,977**	10,294
Accrued expenses	**7,374**	7,719
Advertising and promotion expenses payable	**6,921**	6,686
Salaries, wages, bonus and benefits payable	**3,598**	8,450
Other liabilities	**9,538**	11,645
	87,163	98,972

As at 31 December 2014 and 2013, all trade and other payables of the Group were non-interest bearing, and their fair value, excluding the advances from customers, staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts due to their short maturities.

(b) An aging analysis of trade payables of the Group was as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade payables		
— Within 30 days	**10,902**	9,087
— Over 31 days and within 90 days	**13,373**	14,409
— Over 91 days and within 180 days	**3,137**	7,519
— Over 180 days	**2,220**	651
	29,632	31,666

16. CONTINGENCIES

As at 31 December 2014 and 2013, the Group had no material contingent liabilities.

17. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

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

18. COMMITMENTS

(a) Capital commitments

As at 31 December 2014, the Group did not have significant capital commitments (31 December 2013, RMB 53,413,000 for the acquisition of properties).

(b) Operating lease commitments

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Operating leases expiring:		
— Within 1 year	**24,459**	24,347
— After 1 year but within 5 years	**22,570**	24,086
	47,029	48,433

(c) Other commitments

The Group entered into licensing agreements with the publishing partners to obtain the exclusive rights for the sale of advertising spaces in and the distribution of the magazines. As at 31 December 2014, the total future minimum payments under non-cancellable licensing agreements for cooperation titles are as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Licencing agreement expiring:		
— Within 1 year	**29,549**	23,296
— After 1 year but within 5 years	**86,552**	83,980
— After 5 years	**29,636**	39,943
	145,737	147,219

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULT SUMMARY

China's economic growth was gradually slowing as the economic structure transformation continues. The drivers of economic growth continued to shift from manufacturing to services on the supply side, and from investment to consumption on the demand side. China's gross domestic product ("GDP") growth decreased marginally from 7.8% in 2013 to 7.6% in 2014. The decrease was mainly due to the impacts of PRC's accelerating inflation, slowdown in export growth and sluggish property market. The slowdown in the economic growth in China inevitably had a negative impact on the advertising industry. The overall operating environment for both advertisers and media operators in the region remained challenging.

In recent years, the implementation of the government policies on economisation and anti-graft measures has hit the retail market, especially in luxury consumption. The brand advertisers became more cautious with their advertising spending and tightened their marketing budgets in the PRC market. However, the Company and its subsidiaries (the "Group") overcame the difficult economic situation and delivered a satisfactory financial result for 2014. For 2014, the Group's turnover amounted to approximately RMB603.8 million, which represented only a slight decrease of 4.3% as compared with that for 2013. The Group's three flagship weekly/bi-weekly magazines, the "Modern Weekly", "Modern Lady Weekly" and "Bloomberg Businessweek/China" recorded a decrease in the turnover when compared with that in 2013, which was primarily due to the overall sluggishness in the printed media industry, in which the advertising revenue dropped by 8.8% compared with that of 2013. However, the Group's three major Chinese digital media applications ("App"), namely the "iWeekly", "iBloomberg" and "iLady", achieved a revenue growth of 91.0%, 192.4% and 565.9%, respectively, in 2014. The Group's core print media segment remained the major profit contributor, while its digital media segment successfully achieved a significant revenue growth which resulted in the reversal of its loss situation, and TV business maintained a slight loss in 2014. On the other hand, the Group had successfully implemented cost saving measures and conducted tax planning in 2014. Consequently, the Group recorded a net profit of RMB37.8 million for 2014, with an increase of 13.9% as compared with that of 2013.

Starting from 2011, the Group had strategically structured its business into three business segments, namely print media, digital media and television. During the reporting period, the print media segment remained as the major income contributor of advertising revenue while the digital media segment have achieved a remarkable and continuous growth of 21.0% in 2013 and 126.8% in 2014. As at 31 December 2014, the segment results are as follows:

	Print Media *RMB'000*	**Digital Media** *RMB'000*	**Television** *RMB'000*
2014			
Segment revenue	492,395	93,850	10,837
Reportable segment profit/(loss)	37,286	17,430	(3,182)
Segment EBITDA	55,189	28,663	(901)
2013			
Segment revenue	582,939	41,381	12,083
Reportable segment profit/(loss)	78,771	(18,583)	(2,950)
Segment EBITDA	96,791	(8,536)	(526)

Regarding the segment results, the segment revenue for the print media in 2014 suffered an 15.5% decrease when compared with 2013. The segment earnings before interest, tax, depreciation and amortization ("EBITDA") and segment profit showed a downward trend accordingly. On the other hand, the digital media segment recorded a significant increase in segment revenue by 126.8%. The management of the Group believes that the digital media will continue its fast growing trend in the future. The TV segment revenue has recorded a decrease in 2014 by 10.3% when compared to that of 2013. However, the segment EBITDA had shown a healthy trend that this segment is likely to break-even or even become profitable in the near future.

Although the Group only delivered a fair financial performance for 2014, the Directors are proud that the Group has nevertheless achieved some strategic milestones.

(A) BUSINESS REVIEW

(i) Print Media

The overall printed media market in 2014 followed the downward trend in the past few years. The total advertising revenue of printed magazine category has decreased by 8.8% as compared with that of 2013, in which all of the four major categories recorded a decrease in the advertising spending: the cosmetics industry decreased by 6.8%, the fashion industry decreased by 3.9%, auto industry decreased by 11.2%, and the watch and jewelry industry decreased by 5.6%. The advertising market in the PRC experienced a lusterless performance given the stagnation in the general PRC market.

**Remarks:* Advertising information from the above paragraph is extracted from Advertising Expenditure Report of 2014 produced by Meihua Information.

Riding on 20 years of solid media practice and insight in the media industry, the Group maintained a strategic print portfolio of 6 weeklies/bi-weeklies and 7 monthly/bi-monthly in the PRC and Hong Kong, satisfying the diversified interest of the segmented elite class. In June 2014, the Group also launched another high-end men's lifestyle and business bi-monthly magazine, namely "The Good Life" (優仕生活) in both Hong Kong and the PRC market.

In 2014, the Group's portfolio of printed magazine titles contributed to the advertising revenue of approximately RMB492.4 million (2013: RMB582.9 million), which recorded a decrease of approximately 15.5% as compared to 2013.

Although the PRC advertising market of magazine category was quite challenging, our Group still made an effort to achieve a satisfactory performance in 2014. Our flagship magazine, "Modern Weekly", still ranked no. 1 in terms of revenue in the PRC weekly magazine market according to an audit report by Admango and continuously maintained the irreplaceable position by most of the print media brand advertisers while many other print competitors were still struggling to survive. Furthermore, the issue of "The Art Newspaper", an international well-known art informative newspaper, is a good supplement to strengthen the contents of "Modern Weekly" and further attract new advertising clients including international auction houses and art galleries.

The revenue of another flagship magazine of the Group, "Modern Lady Weekly", was also affected under the downward trend of macro environment in magazine market. However, the Group has successfully organised a series of marketing events through the readers' club, namely "You Jia Hui" (優家薈), in 2014. Those marketing events were well-accepted by both the readers and members of "You Jia Hui" (優家薈). Moreover, the members of "You Jia Hui" (優家薈) have greatly increased in recent years and it is expected that the club membership fees will create an additional income stream for the Group in the coming future.

By comparing with 40 other business and financial magazines in the market, our flagship business magazine, "Bloomberg Businessweek/China" (Simplified Chinese edition), it ranked no. 5 in regard to the yearly advertising revenue, versus no. 7 in year 2013. On the other hand, as the operating result of "Bloomberg Businessweek/China" (Traditional Chinese edition) was not so satisfactory after its launch in mid 2013, the Group changed the publication cycle of his magazine into bi-weekly starting from March 2014 in order to achieve greater cost saving and content synergy between the 2 versions. In the latter half of 2014, the financial performance of "Bloomberg Businessweek/China" (Traditional Chinese edition) has shown gradual improvement.

The other monthly or bi-monthly magazines of the Group in the PRC and Hong Kong had been recorded different operating performances. The Group will continue to review such portfolio of magazines and target to attain its optimal operating result in 2015 and onwards.

(ii) Digital Media

By comparing to the stagnant advertising environment in printed media sector, the overall market sentiment of the digital sector was still optimistic. The advertising market of mobile digital category achieved a year-on-year increase of 121.9% in 2014. The total revenue contributed by the Group's digital media segment recorded an increase of 126.8% in 2014 when compared with that of 2013 which had outperformed the general market average. With the Group's strategy to expand the digital media segment, the Group has incurred capital expenditure of approximately RMB9.1 million to maintain and conduct major upgrades on existing Apps.

**Remark:* information in the above paragraph is extracted from Internet Advertising Market Report 2014 served by iResearch.

Up to the end of 2014, the number of "iWeekly" downloads on smartphone and tablet PC reached approximately 8.4 million and 3.3 million respectively, an increase by 16.7% and 6.5% from the year ended 2013. It continued to be recognised as one of the most successful Chinese media Apps on both Apple iOS and Android platforms. The advertising revenue of "iWeekly" in 2014 was increased by 91.0% when compared with that of 2013. "iWeekly" had undergone a revamp in both content and function. Regarding its content, we incorporated the selected contents from some of the famous international media brands which further differentiated iWeekly from other mass media platform to attract our elite reader, while for its functionality, a personalised media platform is made available to readers who have logged-in, from which such readers can subscribe for certain content from the applications powered by the Group.

"iBloomberg" has successfully enlarged its user base on smartphone and tablet PC by reaching approximately 3.4 million and 1.4 million respectively, an increase by 21.4% and 16.7% from the year ended 2013. Further, "iBloomberg" 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. The advertising revenue of "iBloomberg" achieved an increase of 192.4% in 2014 which it has outperformed competitors in the market. "iBloomberg" has achieved its leading position and was well accepted by both the readers and advertisers.

"iLady" has already accumulated more than 3.3 million users on both smartphone and tablet PC as at the end of 2014 which represented an increase by 173.7% when compared with that of 2013. By offering the unprecedented "Ready-to-Buy" digital media experience to users, "iLady" was well-accepted by both the users and brand advertisers. "iLady" has recorded an increase in advertising revenue in the current year by 565.9% as compared to 2013. It proves that the advertisers appreciated the direct promotional solution provided by the App, as it effectively brings traffic to some advertisers' shopping platforms or their official websites. In addition, we have set up a special zone for "You Jia Hui" (優家薈) in "iLady", so as to make further efforts to attract the offline members to go online, which would help us further manage those users and generate new revenue stream through other business models such as e-commerce. We believe that "iLady" is a strategic move for the Group to ride on the recent trend of e-Commerce outbreak and will also become another income generator in the coming future.

Metroer.com has jointly formed a consumption platform to serve elite women with "iLady" App, where comprehensive solutions are provided for targeted customers on behalf of brand clients. The number of registered users of Metroer.com was approximately 3 million as at the end of 2014. In addition, we saw strong growth of participants in the online cosmetic sample trial program run by Metroer.com, the accumulated number of participant users reached 2.73 million at the end of 2014. We believe that with the increasing trend of the number of participants, further cooperation with brands is made possible in the trial program, which may further stimulate our revenue increase.

Besides, there were two more important Apps in the digital platform of the Group, namely "iLohas" and "iArt", which had been accumulated the number of downloads on both smartphone and tablet PC by approximately 3.0 million and 2.0 million respectively as at the end of 2014. It is anticipated that those Apps will create additional advertising opportunities when the user base will be further enlarged in the future.

Given the expansion plan in progress, the Group's digital media business became profitable in the reporting period. The Group's management believes that by taking steps to better satisfy our subscribers' needs through improved functionality of our Apps, we may be able to generate considerable and diversified revenues in future. We are confident that the operations of the digital media segment will be on the right track and continue to deliver satisfactory operating results in the coming years.

(iii) TV media

The TV media team created value-added series by focusing on the customised production for its brand advertisers. TV media had already achieved a revenue of RMB 10.8 million (2013: 12.1 million) in 2014 which represented a slightly decrease of approximately 10.3% when compared with that of 2013. The Group has reviewed the cost structure of TV segment and implemented some cost saving procedures so that the operating result is only recorded a slight loss in 2014. Looking forward, the Group's TV media will continue this business model and focus on customised production for advertisers in future. Hence, the Group believes that TV media may deliver better operating result in the future.

(B) BUSINESS OUTLOOK

Business outlook of Modern Media

Modern Media is positioned as a platform for the media of Chinese elite culture with trendy, high grading, internationalisation and social responsibility as the core corporate values and "High Taste, High Touch, High Tech" as its core competitiveness. We provide information, community and service to Chinese elite groups, and also provide integrated marketing solutions to high-end brands in China and abroad.

In planning our publications and other products and services, we take into account different interests, consumption and preference of our target elite groups (namely, modern female, business, cultural, art, creative, lohas and fashion). We plan to continue in providing brand dissemination services to our regional, national and international customers.

In recent years, we expanded from print media to mobile and digital media. Currently, we publish a portfolio of 15 weekly/bi-weekly and monthly/bi-monthly magazines. Following the launch of various mobile digital products in 2013 and 2014 (such as iLady, iBloomberg and iLohas) and an upgraded platform of iSlate 2.0 (which supports micro-zine functions that include enhance community and personalized features), it is our plan to continue developing our online media platform of Chinese elite culture. This platform will continue to feature "Professional Generated Contents" and communities comprising key opinion leaders and small groups, and provide medium to high-end brands with scenarised, effective and measurable marketing solutions covering brand consulting, creative planning, advertising production and offline activities.

We have been taking steps to diversify our business model covering shopping guide e-commerce, brand consulting and other value-adding services so as to achieve strategic upgrade "from information to service" area, and to set up a community platform for users to share, communicate and shopping experience.

The management believes that above-mentioned strategies will ensure a sustainable and healthy development of Modern Media.

In light of the continuous growth of the digital and television businesses, we started to organised such businesses under one holding entity to streamline our business and group structure. We are exploring the possibility and opportunity to spin-off this new group, so long as such exercise is to the benefit and in the interest of the Group and its shareholders and is in compliance with the applicable laws, regulations and rules.

(C) FINAL DIVIDEND

The Directors proposed to declare a final dividend of HK$2.5 cents (2013: HK$5.0 cents) per share, amounting to approximately HK$11.0 million. Subject to the approval of the shareholders of the Company ("Shareholders") at the forthcoming annual general meeting ("AGM"), the proposed dividend will be payable to shareholders whose names appear on the Register of Members of the Company on 28 April and payable on 19 May 2015. This proposal is subject to Shareholders' approval at the AGM to be held.

(D) BOOK CLOSURE

The AGM of the Company is scheduled to be held on 21 April 2015. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 17 April 2015 to 21 April 2015 both days inclusive, during which period no transfer of share 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 registrars in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 16 April 2015.

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 28 April 2015. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 27 April 2015 to 28 April 2015, both days inclusive, during which period no transfer of share will be effected. In order to be qualifying for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on 24 April 2015. The payment of final dividend will be made on 19 May 2015.

LIQUIDITY AND FINANCIAL RESOURCES

Net cash flows

During the year, the Group had a net cash inflow from operating activities of approximately RMB23.2 million (2013: RMB83.2 million), the decrease in operating cashflow was largely attributable to the slowdown in collection of trade receivables. On the other hand, the Group's cash outflow from investing activities amounted to RMB38.2 million (2013: 83.6 million) which was mainly attributable to the investment in fixed assets of RMB34.2 million including the mortgage payment on acquisition of office premise in Hong Kong, and purchase of furniture, fixtures and equipment for the Digital Media operation. The cash outflow of the Group from financing activities amounted to RMB7.1 million (2013: RMB10.3 million) which was mainly owing to the payment of dividend of RMB17.2 million and the net proceeds of bank loans of RMB14.5 million.

Borrowings and gearing

As at 31 December 2014, the Group's outstanding borrowings was approximately RMB116.3 million (2013: RMB56.3 million). The total borrowings comprised secured bank and other loans of approximately RMB57.0 million (2013: RMB17.5 million).and other unsecured bank loan of approximately RMB59.3 million (2013: RMB38.8 million). The gearing ratio as at 31 December 2014 was 17.1% (31 December 2013: 9.0%), 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 2014, the total borrowings of the Group were repayable as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 year or on demand	**68,026**	46,791
After 1 year but within 2 years	**4,772**	2,010
After 2 years but within 5 years	**13,608**	6,971
After 5 years	**29,938**	500
	48,318	9,481
	116,344	56,272

CAPITAL EXPENDITURE

Capital expenditure of the Group for the year ended 31 December 2014 included expenditure on fixed assets and intangible assets of approximately RMB43.3 million (2013: RMB71.5 million). Major expenditure included the purchase of office premise for own use, purchase of furniture, fixtures and equipment, and payments for software development in progress.

DISPOSAL AND INVESTMENTS

In March 2014, the Group entered into an agreement to dispose 20% equity interest in Rakuraku Technologies Inc. ("Rakuraku") for a consideration of JPY45 million. The disposal of Rakuraku was completed before the end of March 2014 and, following which, the Group ceased to have any interest in Rakuraku.

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 2014, the Group did not have any material contingent liabilities or guarantees other than those disclosed below.

As at 31 December 2014, the Group's bank loans of RMB9.5 million was secured by mortgages over the Group's properties in Beijing, the PRC, guarantees from Shanghai Gezhi Advertising Co., Ltd. and Yazhimei Information Consultation (Shenzhen) Co., Ltd., the subsidiaries of the Group. The Group's bank loan of RMB28.9 million and loan from developer of RMB14.5 million were secured by a mortgage over the Group's newly purchased property in Hong Kong, the loan from developer was guaranteed by Mr. Shao, the controlling shareholder of the Company, and Ms. Zhong Yuanhong, a member of senior management of the Group. In addition, the Group's bank loan of RMB4.1 million was secured by pledged deposit of RMB1.0 million.

As at 31 December 2014, the Group's printing credit line in an amount of approximately HK$17.1 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 2014.

EMPLOYEES AND SHARE AWARD PLAN

As at 31 December 2014, the Group had a total of 1,059 staff (2013: 1,076 staff), and the Group's total staff costs (including Directors' remuneration) were approximately RMB215.5 million (2013: RMB211.7 million). The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Board. The decrease in head counts was due to the restructuring of sales and editorial staff to further improve corporate efficiency.

To recognise and reward the contribution of eligible employees for 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 on 3 December 2009 (the "Plan"). The Plan 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 2014, 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 2014, no share was awarded and vested to selected employees, under the Plan, as approved by the Board.

REVIEW OF ANNUAL RESULTS AND PRELIMINARY RESULTS ANNOUNCEMENT

The annual results of the Group for the year ended 31 December 2014 have been reviewed by the audit committee of the Board (the "Audit Committee").

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Company's auditor, PricewaterhouseCoopers, Certified Public Accountants, to the amounts set out in the Group's audited financial statements for the year ended 31 December 2014 and the amounts were found to be in agreement. The work performed by PricewaterhouseCoopers 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 2014, 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 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 2014, 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 2014. 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 the Audit Committee with terms of reference on 24 August 2009 in compliance with the CG Code set out in Appendix 14 of the Listing Rules. The Audit Committee has three members of independent non-executive Directors, namely, Mr. Au-Yeung Kwong Wah, Mr. Wang Shi and Mr. Jiang Nanchun.

During the year, 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 2014 with management, the internal auditor and the external auditor. The Audit Committee has also reviewed the annual results of the Group for the year ended 31 December 2014.

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 2014.

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

The Company's annual report for the year ended 31 December 2014 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, 9 March 2015

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; (c) as independent non-executive directors, Mr. Jiang Nanchun, Mr. Wang Shi and Mr. Au-Yeung Kwong Wah.