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SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 205)

ANNOUNCEMENT OF AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "Board") of SEEC Media Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with the 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

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	2	**492,851**	516,623
Cost of sales		**(205,175)**	(197,765)
Gross profit		**287,676**	318,858
Other income		**3,386**	3,888
Other gains and losses		**(851)**	(458)
Selling and distribution costs		**(212,148)**	(205,570)
Administrative expenses		**(55,581)**	(64,036)
Share of profit of a joint venture		**6,761**	–
Finance costs	3	**(2,256)**	(2,321)
Profit before taxation	4	**26,987**	50,361
Taxation	5	**(10,676)**	(19,235)
Profit for the year		**16,311**	31,126
Other comprehensive income			
Items that may be reclassified subsequently to profits or loss:			
Exchange differences arising on translation		**10,521**	126
Share of exchange differences of a joint venture		**126**	–
Total comprehensive income for the year		**26,958**	31,252
Profit for the year attributable to:			
Owners of the Company		**17,360**	32,223
Non-controlling interests		**(1,049)**	(1,097)
		16,311	31,126
Total comprehensive income attributable to:			
Owners of the Company		**28,007**	32,349
Non-controlling interests		**(1,049)**	(1,097)
		26,958	31,252
Earnings per share (HK cents)	6		
Basic		**1.00**	1.85
Diluted		**1.00**	1.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**43,115**	46,021
Sole agency rights		**104,945**	112,436
Goodwill		**118,886**	118,886
Interests in joint ventures		**6,887**	–
Amount due from a joint venture		**36,192**	36,708
Amount due from a related company		**4,015**	10,483
		314,040	324,534
Current assets			
Trade receivables	8	**210,279**	190,049
Amounts due from related companies		**2,714**	6,714
Other receivables and prepayments		**14,329**	13,896
Loan receivable		**–**	6,167
Pledged bank deposits		**20,351**	13,567
Bank balances and cash		**82,186**	37,979
		329,859	268,372
Current liabilities			
Trade payables	9	**30,454**	44,400
Other payables and accruals		**106,211**	82,060
Amounts due to related companies		**6,082**	2,445
Amount due to immediate parent		**307**	204
Bank borrowings		**55,658**	36,667
Tax payable		**18,455**	27,056
		217,167	192,832
Net current assets		**112,692**	75,540
Total assets less current liabilities		**426,732**	400,074
Non-current liability			
Receipt in advance		**202**	502
Net assets		**426,530**	399,572
Capital and reserves			
Share capital		**173,956**	173,956
Reserves		**255,777**	227,770
Equity attributable to owners of the Company		**429,733**	401,726
Non-controlling interests		**(3,203)**	(2,154)
Total equity		**426,530**	399,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC*) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

*IFRIC represents the International Financial Reporting Standards ("IFRS") Interpretations Committee.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int-12 *Consolidation - Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The management of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over all the entities that the Group has equity interests in accordance with the new definition of control and the related guidance set out in HKFRS 10. The management concluded that HKFRS 10 does not have any material effect on the Group's consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) - Int13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Upon application of HKFRS 11, the management reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Group's investment in their joint arrangements. The directors concluded that SEEC/Ziff Davis Media Group (China) Ltd., SEEC/Ziff Davis Media Consulting (Beijing) Co. Ltd. and Mondadori-SEEC (Beijing) Advertising Co. Ltd. being previously classified as jointly controlled entities are treated as the Group's joint ventures under HKFRS 11 and continue to be accounted for using the equity method.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

The directors of the Company are of the opinion that the application of HKFRS 13 has no material impact on the Group's fair value measurement as set out in these consolidated financial statements of the Group.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HK(IFRIC*) - Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with early application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Earlier application is permitted.

3 Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 January 2016.

* IFRIC represents the IFRS Interpretations Committee.

Annual Improvements to HKFRSs 2010-2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of ‘vesting condition’ and ‘market condition’; and (ii) add definitions for ‘performance condition’ and ‘service condition’ which were previously included within the definition of ‘vesting condition’. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’; and (ii) clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

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

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

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the analysis of the financial assets and financial liabilities of the Group as at 31 December 2013, the directors of the Company do not anticipate that the adoption of HKFRS 9 will have material effect on the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment entities

The amendments to HKFRS 10 introduced an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in the subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purposes of providing them with professional investment management service;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify existing application issues relating to offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off " and "simultaneous realization and settlement".

HK(IFRIC) – INT 21 Levies

HK(IFRIC) – INT 21 *Levies* addresses the issue of when to recognize a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payments of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operation in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – INT 21 will have no effect on the Group's consolidated financial statements as the Group dose not have any levy arrangements.

2. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the gross invoiced value of services rendered, sales of books and magazines, net of discounts and sales related taxes. An analysis of the Group's revenue is as follows:

	2013	2012
	HK$'000	*HK$'000*
Advertising agency income	**381,942**	433,038
Advertising income from conferences and events	**70,924**	51,633
Sales of books and magazines	**39,985**	31,952
	492,851	516,623

Information reported to the Company's executive directors, being the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. The Group's operating and reporting segments are (a) advertising income from provision of agency services and organizing conferences and events and (b) sale of books and magazines. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.
For the year ended 31 December 2013

	Provision of services	**Sale of books and magazines**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Revenue			
External sales	**452,866**	**39,985**	**492,851**
Result			
Segment profit (loss)	**89,308**	**(13,780)**	**75,528**
Other income			**3,386**
Other gains and losses			**(851)**
Unallocated administration expense			**(55,581)**
Share of profit of a joint venture			**6,761**
Finance costs			**(2,256)**
Profit before taxation			**26,987**

For the year ended 31 December 2012

	Provision of services *HK$'000*	Sale of books and magazines *HK$'000*	Consolidated *HK$'000*
Revenue			
External sales	484,671	31,952	516,623
Result			
Segment profit (loss)	145,447	(29,248)	116,199
Other income			3,888
Other gains and losses			(458)
Unallocated administration expense			(66,947)
Finance costs			(2,321)
Profit before taxation			50,361

Segment result represents the profit earned by/loss from each segment without allocation of unallocated administration expense, other income, other gains and losses and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment. Furthermore, as the assets and liabilities for reportable segments are not provided to the chief operating decision makers for the purposes of resources allocation and performance assessment, no segment assets and liabilities are presented accordingly.

Other segment information

For the year ended 31 December 2013

	Advertising income *HK$'000*	**Sale of books and magazines** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Depreciation of property, plant and equipment	**5,608**	**72**	**258**	**5,938**
Amortisation of sole agency rights	**10,642**	**–**	**–**	**10,642**
Allowance for (reversal of allowance for) bad and doubtful debts	**3,070**	**(1,531)**	**–**	**1,539**
Loss on disposal of property, plant and equipment	**221**	**–**	**–**	**221**

For the year ended 31 December 2012

	Advertising income *HK$'000*	Sale of books and magazines *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	5,962	149	249	6,360
Amortisation of sole agency rights	10,456	–	–	10,456
Reversal of allowance for inventories obsolescence	–	(348)	–	(348)
Allowance for (reversal of allowance for) bad and doubtful debts	1,568	(145)	–	1,423
Loss on disposal of property, plant and equipment	65	–	–	65

Geographical information

The Group's operations and assets are located in the PRC. All revenue is derived from customers located in the PRC. Accordingly, no analysis of revenue and non-current assets by geographical location are presented.

Information about major customers

There is no customer from either advertising income segment or sales of books and magazines segment which contributed over 10% of the total revenue of the Group.

3. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loan wholly repayable within five years	**2,256**	1,945
Interest on advance from immediate parent	**–**	376
	2,256	2,321

4. PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**803**	730
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	**91,970**	81,638
Contributions to retirement benefits schemes	**14,759**	12,148
Share option benefits	**57**	798
	106,786	94,584
Depreciation of property, plant and equipment	**5,938**	6,360
Amortisation of sole agency rights (included in cost of sales)	**10,642**	10,456
Total depreciation and amortisation	**16,580**	16,816
Cost of inventories recognised as expenses	**35,051**	42,576
Minimum lease payments under operating lease in respect of rented premises	**20,848**	15,141
Investment income earned on loans and receivables		
– bank interest income	**(563)**	(524)

5. TAXATION

The tax charge for the year represents the PRC Enterprise Income Tax ("EIT").

No provision for Hong Kong Profits Tax has been made for both years because the relevant group entity incurred a tax loss in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	**26,987**	50,361
Tax at PRC income tax rate of 25%	**6,747**	12,590
Effect of the different income tax rates in other jurisdictions	**353**	1,321
Tax effect of tax losses not recognised	**4,322**	4,943
Utilisation of tax losses previously not recognised	**(877)**	(2,224)
Tax effect of expenses not deductible for tax purposes	**3,018**	4,377
Tax effect of income not taxable for tax purposes	**(3,013)**	(1,391)
Others	**126**	(381)
Taxation for the year	**10,676**	19,235

Note: The Group's major operating subsidiaries are all located in the PRC and subjected to EIT. Accordingly, EIT rate is applied for tax reconciliation purpose.

At the end of the reporting period, the Group had estimated unused tax losses of approximately HK$212,351,000 (2012: approximately HK$198,571,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of a PRC subsidiary amounting to approximately HK$120,190,000 (2012: approximately HK$106,489,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic earnings per ordinary share being profit for the year attributable to owners of the Company	**17,360**	32,223
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**1,739,565,172**	1,739,565,172
Effect of dilutive potential ordinary shares:		
Share options	**697,634**	751,071
Number of ordinary shares for the purpose of diluted earnings per share	**1,740,262,806**	1,740,316,243

The computation of diluted earnings per share does not assume the exercise of the Company's 22,450,000 (2012: 22,550,000) share options with exercise price ranging from HK$0.268 to HK$0.330 (2012: ranging from HK$0.268 to HK$0.330) per option because the exercise price of these options was higher than the average market price for both 2013 and 2012.

7. DIVIDEND

No dividend was paid or proposed for both years, nor has any dividend been proposed since the end of the reporting period.

8. TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**226,613**	206,035
Less: allowance for doubtful debts	**(16,334)**	(15,986)
	210,279	190,049

Credit period granted by the Group to customers for both provision of advertising agency services and sale of books and magazines are not more than three months from the date of recognition of the sale.

The ageing analysis of the Group's trade receivables net of allowance for doubtful debts presented based on date of magazines issued, which approximate the date of revenue recognition is as follows:

	2013		2012	
	HK$'000	*%*	*HK$'000*	*%*
Less than three months	**120,897**	**58**	113,508	60
Three months to six months	**52,718**	**25**	44,041	23
Over six months to one year	**36,664**	**17**	32,500	17
	210,279	**100**	190,049	100

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. Management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$89,382,000 (2012: approximately HK$76,541,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. The average age of these receivables is 183 days (2012: 185 days).

Ageing of trade receivables which are past due but not impaired

	2013	2012
	HK$'000	*HK$'000*
Three months to six months	**52,718**	44,041
Over six months to one year	**36,664**	32,500
	89,382	76,541

As at 31 December 2013, the Group has provided fully for all receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

Movement in the allowance for bad and doubtful debts

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year	**15,986**	15,592
Impairment losses recognised on trade receivables	**5,177**	3,986
Amount recovered during the year	**(3,638)**	(2,563)
Amounts written off as uncollectible	**(1,689)**	(1,027)
Exchange realignment	**498**	(2)
Balance at end of the year	**16,334**	15,986

9. TRADE PAYABLES

The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2013		2012	
	HK$'000	*%*	*HK$'000*	*%*
Less than three months	**28,244**	**92**	37,281	84
Three months to six months	**1,107**	**4**	4,231	10
Over six months to one year	**–**	**–**	1,824	4
Over one year	**1,103**	**4**	1,064	2
	30,454	**100**	44,400	100

The average credit period granted by trade payables is 90 days (2012: 90 days). The Group has financial risk management policies in place to ensure that all payables within the credit time frame.

BUSINESS REVIEW

While the global economy recovered to a certain degree in the past year, the economic situation is, in general, still severe. In addition, due to the decrease in the speed of economic growth resulting from the restructuring of industrial structure in China, a downtrend emerged in the advertising market of print media. With the impact of the Internet and new media, it is even more difficult for the traditional print media to operate. As a result, the operating revenue of our group was HK$492.9 million in 2013, with a drop of 4.6% over 2012. The profit attributable to shareholders for the year ended 31 December 2013 dropped to HK$17.4 million, with a decrease of 46% as compared to the previous year of HK$32.2 million.

Caijing Magazine is the flagship among the magazines operated by our group. In 2002, our group acquired the 20-year exclusive advertising right of Caijing Magazine. As the most well-known financial magazine in Mainland China, Caijing Magazine has maintained a leading position since its launch. However, subject to the influence of the macro-economy, the Internet and new media, the magazine's operating revenue achieved no progress in 2013, which was unprecedented in its history.

As for CapitalWeek, its annual operating revenue dropped by 48% due to the macro-economic depression as well as the historical downturn of the stock market and the suspension of initial public offering fund raising exercises in China. The operating revenue of Sports Illustrate decreased by 46% over year on year. For China Auto Pictorial and Autocar, the operating revenue decreased by 13% and 24% respectively. Since the operating revenue of HisLife magazine had a sharp drop during the year, the publication of this magazine was suspended in order to save costs.

The only comfort was that the operating revenue of some consumer magazines operated by our group, in such an adverse environment, still achieved certain scale of growth because of the accurate targeting of readers in consumer groups and the rich information content provided in the magazines. Among those magazines, Grazia, a fashion and lifestyle magazine in which the Group's joint venture has exclusive advertising right, achieved a growth of 19% in its operating revenue, while Better Homes and Gardens, a magazine for household consumers, had an increase of 12% in its operating revenue; and as for TimeOut, a dining and entertainment magazine, the operating revenue grew by 25%. However, since our group's strength mainly lies on operating financial magazines, the impressive increase in the operating revenue of the group's consumer magazines was not able to cover the drop of operating revenue of some of our financial magazines.

Generally speaking, the global economy has not fully recovered yet and China's economy has lowered its growth rate. Impacted by the Internet and new media, the traditional print media industry now faces a more severe operation situation and is gradually reducing its geographical coverage. Realizing such risk, our group, by suspending the publication of some magazines, laying off redundant employees, saving costs and reducing expenses in a decisive manner, managed to achieve some profit at the end of the year, which was an outstanding achievement.

OUTLOOK AND PROSPECT

Even though we can see the upcoming risks, the road to a sustainable future development is still in search and clearly the advertising and media industry has an endless argument about this issue. What is the future of new media? What is the business model of new media? Furthermore, what exactly does new media mean? These questions are still confusing, but they cannot stop us from exploring. Nowadays, when the traditional print media business is shrinking and the future of new media is still unclear, our group, on one hand, is segmenting the market, refining the management and reducing costs and expenses by continuing using our existing rich experience in operation; on the other hand, our group is making a great effort to explore the road to the future for new media, thus ensuring a robust development.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year of 2013, turnover of the Group was approximately HK$492.9 million as compared to approximately HK$516.6 million in 2012, representing a decrease of approximately 4.6%. The Group's revenue decreased as the economy recovery in China was slow and sluggish. The gross profit ratio slightly dropped to 58.4% as compared to that of last year (2012: 61.7%). In current year, advertising income from conferences and events increased by 37.4% but since the gross profit contributions from these conferences and events were less than those of advertising agency activities, the overall gross profit ratio decreased.

The selling and distribution costs increased by 3.2% from approximately HK$205.6 million in 2012 to approximately HK$212.1 million in 2013, mainly due to increase in selling and promotional effort for the newly introduced magazine, namely the Chinese edition of Harvard Business Review. The administrative expenses decreased by 13.2% from approximately HK$64.0 million to HK$55.6 million. The decrease was mainly due to tightening of operational costs, the closure of a non-performing magazine, HisLife, and decrease in legal and professional fees during the year.

During the year, the Group recognized HK$6.8 million share of profit from Mondadori-SEEC(Beijing) Advertising Co. Ltd., a joint venture for the operation of Grazia magazine. The share of profit was arrived at after the Group's share of profit for the year exceeded the accumulated unrecognized share of losses brought forward from 2012 for this joint venture.

The Group recorded finance costs of approximately HK$2.3 million (2012: HK$2.3 million), and was similar in amount as in that of last year. It mainly comprised of interest on bank loans in the current year.

The profit attributable to shareholders for this year amounted to approximately HK$17.4 million, as compared to approximately HK$32.2 million last year.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2013 (2012: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were financed by internal resources. As at 31 December 2013, the Group's equity was approximately HK$426.5 million (2012: HK$399.6 million). The Group had non-current liability of approximately HK$0.2 million as at 31 December 2013 of receipt in advance (2012: HK$0.5 million). As at 31 December 2013, the Group's gearing ratio was 33.8% representing a percentage of total liabilities over total assets (2012: 32.6%).

As at 31 December 2013 the Group had secured bank borrowings of approximately HK$55.7 million (2012: HK$36.7 million) mainly for financing the operational needs of the Group.

As at 31 December 2013, the Group had bank balances and cash amounting to approximately HK$82.2 million (2012: HK$38.0 million).

CHARGES ON ASSETS

As at 31 December 2013, the Group had deposits of approximately HK$20.4 million charged to a bank for banking facilities granted to the Group's companies (2012: HK$13.6 million).

As at 31 December 2013, the Group had pledged leasehold land and building in China with a carrying amount of approximately HK$33.0 million (2012: HK$33.3 million) to secure bank borrowings granted to the Group.

COMMITMENTS

(a) Operating lease commitments

As lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**11,939**	8,345
In the second to fifth year inclusive	**9,949**	8,313
	21,888	16,658

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for a term ranging from nine months to 3 years.

(b) Other commitments

Pursuant to several agreements entered into between the Company and magazine publication companies, being independent third parties, the Company at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights of advertising on their magazines which fall due as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**3,627**	3,296
In the second to fifth year inclusive	**10,140**	11,427
Over five years	**2,340**	4,680
	16,107	19,403

The amount recognised as an expense (included in cost of sales) in the year was approximately HK$4,823,000 (2012: approximately HK$6,112,000).

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the year, apart from the convertible bond and the bank borrowing, the Group did not have any fixed interest rate borrowings and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2013, the Group had 772 (2012: 828) employees in Hong Kong and the People's Republic of China. Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme (the "New Share Option Scheme"), of which all terms and conditions are the same as the Share Option Scheme. As at 31 December 2013, the number of share issuable under share options granted under the Share Option Scheme was 46,650,000 (2012: 48,100,000).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2013, except for the Code provisions (i) A.2.1 whereas there is no separation of the role of Chairman and Chief Executive Officer. Mr. Wang Boming assumes the role of both the Chairman and the Chief Executive Officer; (ii) A.4.1 whereas all non-executive directors of the Company are not appointed for a specific term as they are subject to retirement and rotation in accordance with the Company's articles of association; and (iii) E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman of the Board was absent from the annual general meeting held on 13 May 2013 due to his prior business engagement. Mr. Zhang Zhifang, an Executive Director and the elected chairman of that meeting, was available to answer question in that meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers of the Listing Rules ("Model Code"). Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2013.

AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial report matters including the review of the audited financial statements for the year ended 31 December 2013.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Annual Report of the Company containing the information required by Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in the due course.

By Order of the Board
Zhang Zhifang
Executive Director

Hong Kong, 20 March 2014

As at the date hereof, the Board comprises Mr. Wang Boming, Mr. Dai Xiaojing, Mr. Li Shijie and Mr. Zhang Zhifang as executive directors and Mr. Fu Fengxiang, Mr. Ding Yu Cheng, Mr. Wang Xiangfei and Mr. Zhang Ke as the independent non-executive directors.