文化中國傳播集團有限公司*
CHINAVISION MEDIA GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 1060)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2013

The board of directors (the "Board") of ChinaVision Media Group Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries for the year ended 31st December, 2013 were as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST DECEMBER, 2013

	NOTES	2013 HK$'000	2012 HK$'000 (restated)
Revenue	3	**751,074**	792,786
Cost of sales and services		**(437,105)**	(496,536)
Gross profit		**313,969**	296,250
Other income	4	**20,634**	29,998
Other gains and losses, net	5	**77,193**	35,677
Gains on disposal of subsidiaries	16	**64,953**	30,034
Distribution and selling expenses		**(60,137)**	(63,760)
Administrative expenses			
– share-based payment expenses		**–**	(1,604)
– other administrative expenses		**(157,292)**	(144,554)
		(157,292)	(146,158)

* *For identification purpose only*

	NOTES	2013 HK$'000	2012 HK$'000 (restated)
Finance costs			
– effective interest expenses on convertible notes		**(19,627)**	(25,983)
– other finance costs		**–**	(385)
	6	**(19,627)**	(26,368)
Share of losses of associates		**(4,936)**	(1,069)
Share of profits of joint ventures		**2,322**	28,417
Profit before taxation		**237,079**	183,021
Taxation charge	7	**(22,964)**	(2,774)
Profit for the year	8	**214,115**	180,247
Profit for the year attributable to:			
Owners of the Company		**206,024**	177,153
Non-controlling interests		**8,091**	3,094
		214,115	180,247
		HK cents	HK cents
Earnings per share	9		
Basic		**2.58**	2.36
Diluted		**2.58**	2.36

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2013

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Profit for the year	**214,115**	180,247
Other comprehensive income for the year:		
Items that will not be reclassified subsequently to profit or loss:		
Exchange difference arising on translation to presentation currency	**41,985**	7,808
Share of exchange difference of associates and joint ventures	**1,695**	6,259
Other comprehensive income for the year	**43,680**	14,067
Total comprehensive income for the year	**257,795**	194,314
Total comprehensive income for the year attributable to:		
Owners of the Company	**249,346**	190,882
Non-controlling interests	**8,449**	3,432
	257,795	194,314

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2013

	NOTES	2013 HK$'000	2012 HK$'000 (restated)
Non-current assets			
Property, plant and equipment		**35,288**	15,514
Goodwill		**175,986**	171,160
Intangible assets		**11,550**	12,003
Interests in associates	10	**193,463**	–
Interests in joint ventures	11	**–**	636,248
Club debenture		**2,916**	2,836
Art work		**162,764**	164,307
Deposits and prepayments	12	**131,501**	67,468
Deferred tax assets		**1,219**	1,319
		714,687	1,070,855
Current assets			
Film rights		**364,892**	169,296
Investments held for trading		**3,249**	21,569
Trade receivables	12	**464,153**	345,796
Other receivables, deposits and prepayments	12	**305,987**	222,731
Amounts due from non-controlling interests		**9,642**	4,538
Bank balances and cash		**199,001**	107,753
		1,346,924	871,683
Current liabilities			
Trade and other payables and accrued charges	13	**148,036**	143,296
Receipts in advance from customers		**46**	59,885
Amounts due to non-controlling interests		**163**	760
Amounts due to related companies		**–**	1,105
Derivative financial instruments		**1,630**	–
Tax liabilities		**44,528**	32,402
Convertible notes	15	**–**	333,069
		194,403	570,517
Net current assets		**1,152,521**	301,166
Total assets less current liabilities		**1,867,208**	1,372,021

	NOTES	2013 HK$'000	2012 HK$'000 (restated)
Capital and reserves			
Issued share capital	14	**2,081,343**	1,935,686
Reserves		**(255,353)**	(618,946)
Equity attributable to owners of the Company		**1,825,990**	1,316,740
Non-controlling interests		**17,460**	34,037
Total equity		**1,843,450**	1,350,777
Non-current liabilities			
Convertible notes	15	**23,758**	21,244
		1,867,208	1,372,021

Notes:

1. **BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. **APPLICATION OF NEW AND REVISED HKFRSs**

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the 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
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
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

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 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 the 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. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The Group does not have any equity interest in the registered capital of 中聯京華文化傳播(北京)有限公司 ("Zhong Lian Jinghua") and 北京世通寰亞廣告有限公司 ("Beijing Shi Tong") as they are established and owned by an employee of the Group. Pursuant to certain agreements among Zhong Lian Jinghua, the registered shareholder of Zhong Lian Jinghua and the Group, the registered shareholder of Zhong Lian Jinghua agreed to assign all the shareholder's rights of Zhong Lian Jinghua and to assign the power to appoint and remove all the members of the board of directors and to govern the financial and operating policies of Zhong Lian Jinghua to the Group. The directors of the Company considered such agreements give the Group the current ability to direct the relevant activities of Zhong Lian Jinghua. Pursuant to certain agreements among Beijing Shi Tong, the registered shareholder of Beijing Shi Tong and the Group, the registered shareholder of Beijing Shi Tong agreed to assign all the shareholder's rights of Beijing Shi Tong and to assign the power to appoint and remove all the members of the board of directors and to govern the financial and operating policies of Beijing Shi Tong to the Group. The directors of the Company considered such agreements give the Group the current ability to direct the relevant activities of Beijing Shi Tong. In the opinion of the directors of the Company, all the terms of these agreements are valid, binding and legally enforceable on all parties under the applicable laws in the People's Republic of China (the "PRC"). With the power over Zhong Lian Jinghua and Beijing Shi Tong and the ability to use the power over Zhong Lian Jinghua and Beijing Shi Tong to affect the amount of the Group's return, they continue to be treated as wholly-owned subsidiaries of the Company under HKFRS 10 and their results, assets and liabilities continue to be consolidated with those of the Group.

Zhong Lian Jinghua holds (i) 51% equity interests of 天津唐圖科技有限公司, 北京中聯同達文化有限公司 and 甘肅飛視天成文化傳播有限公司 and 60% equity interest of 北京思廬雲拍科技有限公司 (collectively referred to as the "Non Wholly-owned Subsidiaries"), and (ii) 100% equity interests of 北京永聯信通科技有限責任公司, 中聯華盟(上海)文化傳媒有限公司, 北京中聯華盟文化傳媒投資有限公司, 北京鵬安盛世廣告有限公司, 華盟(天津)文化投資有限公司, 中聯華盟(天津)廣告有限公司, 北京人和人文化有限公司, 人和人(天津)廣告有限公司 and 北京北大文化發展有限公司 ("Beida Culture") before disposal of 70% equity interest in Beida Culture as disclosed in note 16(i) (collectively referred to as the "Wholly-owned Subsidiaries"). Pursuant to the respective Memorandum and Articles of Association of Non Wholly-owned Subsidiaries and Wholly-owned Subsidiaries, all major decisions and decisions on relevant activities of these entities, except for those which confer a protective right to non-controlling shareholders which require a 2/3 majority, are decided by the board of directors with simple majority of votes. Zhong Lian Jinghua controls over 50% of the voting powers in the board of directors of the Non Wholly-owned Subsidiaries and 100% voting powers in the board of directors of the Wholly-owned Subsidiaries which give the Group the current ability to direct the relevant activities. Accordingly, they continue to be treated as the subsidiaries of the Company under HKFRS 10 and their results, assets and liabilities continue to be consolidated with those of the Group.

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) – INT 13 "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 had 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 classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are 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.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. Before the disposal of 70% equity interest of Beida Culture as disclosed in note 16(i), Zhong Lian Jinghua indirectly held 50% equity interests of 京華文化傳播有限公司 ("Jinghua Culture"). Zhong Lian Jinghua also held 49% equity interests of 人民視訊文化有限公司 ("RenMinShiXun") before its disposal as disclosed in note 16(ii). Each of Jinghua Culture and RenMinShiXun has 2 shareholders. Pursuant to the Memorandum and Articles of Association of Jinghua Culture and RenMinShiXun, all major decisions and the decisions on relevant activities of these entities have to be approved by both shareholders. In other words, decisions in Jinghua Culture and RenMinShiXun require the unanimous consent of the parties sharing control. Accordingly, the directors concluded that the Group's investments in Jinghua Culture and RenMinShiXun, which were classified as jointly controlled entities under HKAS 31 and were accounted for using the proportionate consolidation method, should be classified as joint ventures under HKFRS 11 and accounted for using the equity method. The changes in accounting of the Group's investments in Jinghua Culture and RenMinShiXun have been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investments as at 1st January, 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated (see the tables below for details). Also, the directors performed an impairment assessment on the initial investment as at 1st January, 2012 and concluded that no impairment loss is required. Comparative amounts for 2012 have been restated to reflect the change in accounting for the Group's investments in Jinghua Culture and RenMinShiXun. The Group does not have any interests in joint ventures prior to the Acquisition (as defined in note 9) on 31st January, 2012. Accordingly, no consolidated statement of financial position of the Group as at 1st January, 2012 are presented.

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 and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements, especially regarding the structured contracts through which the Group controls Zhong Lian Jinghua and Bejing Shi Tong.

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.

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" and the "income statement" is renamed as the "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. 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. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Summary of the effect of the above changes in accounting policy

The effect of the changes in the Group's accounting policy described above on the results for the prior year by line item is as follows:

Impact on profit for the year of the application of HKFRS 11

	Year ended 31st December, 2012 *HK$'000*
Decrease in revenue	(223,700)
Decrease in costs of sales and services	96,659
Decrease in other income	(1,791)
Decrease in other gains and losses, net	(130)
Decrease in distribution and selling expenses	68,407
Decrease in other administrative expenses	24,142
Increase in share of profits of joint ventures	28,417
Decrease in taxation charge	8,163
Net increase in profit for the year	167
Impact on other comprehensive income for the year	
Decrease in exchange difference arising on translation to presentation currency	(4)
Net increase in total comprehensive income for the year	163
Increase in profit for the year attributable to:	
Owners of the Company	–
Non-controlling interests	167
	167
Increase in total comprehensive income for the year attributable to:	
Owners of the Company	–
Non-controlling interests	163
	163

Impact on assets, liabilities and equity as at 31st December, 2012 of the application of HKFRS 11:

	At 31st December, 2012 (originally stated) *HK$'000*	Adjustments *HK$'000*	At 31st December, 2012 (restated) *HK$'000*
Property, plant and equipment	24,196	(8,682)	15,514
Goodwill	333,369	(162,209)	171,160
Intangible assets	456,416	(444,413)	12,003
Interests in joint ventures	–	636,248	636,248
Deferred tax assets	1,588	(269)	1,319
Inventories	2,816	(2,816)	–
Trade receivables	406,032	(60,236)	345,796
Other receivables, deposits and prepayments	325,837	(35,638)	290,199
Bank balances and cash	192,838	(85,085)	107,753
Trade and other payables and accrued charges	(171,216)	27,920	(143,296)
Receipts in advance from customers	(84,504)	24,619	(59,885)
Tax liabilities	(38,153)	5,751	(32,402)
Deferred tax liabilities	(104,040)	104,040	–
Total effects on net assets	1,345,179	(770)	1,344,409
Non-controlling interests and total effects on equity	34,807	(770)	34,037

Impact on cash flows for the year ended 31st December, 2012 on the application of HKFRS 11:

	HK$'000
Net cash outflow from operating activities	(19,114)
Net cash outflow from investing activities	(63,273)
Net cash outflow from financing activities	(2,531)
Effect of foreign exchange rate changes	(167)
	(85,085)

There is no significant impact on basic and diluted earnings per share due to the above changes in accounting policies for the year ended 31st December, 2012.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[3]
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[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[3]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[4]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[3]
HKFRS 9	Financial instruments[4]
HK(IFRIC) – INT 21	Levies[3]

1 Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions.

2 Effective for annual periods beginning on or after 1st July, 2014.

3 Effective for annual periods beginning on or after 1st January, 2014.

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

Annual improvements to HKFRSs 2010-2012 cycle

The annual improvements to HKFRSs 2010-2012 cycle include a number of amendments to various HKFRSs. The relevant ones 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 1st 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 1st 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 directors 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. The relevant ones 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 directors 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" to be 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.

The directors are still in the process of reviewing the impact on the amounts reported in respect of the Group's financial assets upon the adoption of HKFRS 9. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for goods sold or services rendered by the Group to outside customers, less discount and related taxes for the year, and is analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Production and distribution of film rights	**421,409**	415,936
TV advertising income	**264,535**	287,134
Income from mobile value-added services	**12,068**	13,449
Income from magazine distribution	**2,675**	3,368
Income from sales of advertisement spaces on magazine	**32,962**	35,056
Others *(Note)*	**17,425**	37,843
	751,074	792,786

Note: Amount included revenue from TV programme packaging services of HK$14,824,000 (2012: HK$32,902,000), mobile games subscription of HK$566,000 (2012: HK$1,482,000), other agency services income of HK$2,035,000 (2012: HK$2,637,000) and revenue from other business divisions of nil (2012: HK$822,000) for the year ended 31st December, 2013.

The Group's operating segments, determined based on information reported to the chief operating decision maker ("CODM"), being the executive and non-executive directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided, are as follows:

(i)	Production and distribution of film rights	–	production and distribution of film rights over films, television programmes and television drama series
(ii)	TV advertising	–	sale of TV advertising air-times in the PRC
(iii)	Mobile value-added services	–	provision of personalised information and entertainment services to mobile handset users in the PRC
(iv)	Magazine advertising and magazine distribution	–	distribution of fashion magazine, FIGARO, and sale of advertisements spaces in FIGARO in the PRC

In addition to the operating segments described above, each of which constitutes a reportable segment, the Group has other operating segments which include securities trading and investment in Hong Kong, mobile games subscription, provision of other agency services, TV programme packaging services and others in the PRC. None of these segments meet any of the quantitative thresholds for determining reportable segments. Accordingly, all of the above operating segments are grouped as "all other segments".

Segment of mobile TV subscription and newspaper advertising and newspaper distribution as presented in prior period are operated through the joint ventures, which were accounted for using the proportionate consolidation method in prior periods. Under HKFRS 11, such joint arrangements should be classified as joint venture and accounted for using the equity method (details are set out in note 2). The CODM assesses their performance based on the share of net assets and results of these joint ventures upon the application of HKFRS 11 and no longer constitute separate operating segment. Accordingly, no separate segment information on mobile TV subscription and newspaper advertising and newspaper distribution are presented. Revenue and segment information for the year ended 31st December, 2012 is restated.

(1) **Segment revenue and results**

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

	Production and distribution of film rights *HK$'000*	TV advertising *HK$'000*	Mobile value-added services *HK$'000*	Magazine advertising and magazine distribution *HK$'000*	Reportable segments' total *HK$'000*	All other segments *HK$'000*	Consolidated *HK$'000*
For the year ended 31st December, 2013							
Segment revenue	**421,409**	**264,535**	**12,068**	**35,637**	**733,649**	**17,425**	**751,074**
Segment results	**171,276**	**50,913**	**6,030**	**(15,256)**	**212,963**	**(9,835)**	**203,128**
Unallocated interest income, other income and other gains and losses, net							**75,361**
Gains on disposal of subsidiaries							**64,953**
Corporate administrative expenses							**(84,122)**
Finance costs							**(19,627)**
Share of losses of associates							**(4,936)**
Share of profits of joint ventures							**2,322**
Profit before taxation							**237,079**

	Production and distribution of film rights	TV advertising	Mobile value-added services	Magazine advertising and magazine distribution	Reportable segments' total	All other segments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31st December, 2012 (restated)							
Segment revenue	415,936	287,134	13,449	38,424	754,943	37,843	792,786
Segment results	162,277	25,930	7,144	(21,291)	174,060	25,266	199,326
Unallocated interest income, other income and other gains and losses, net							8,366
Gains on disposal of subsidiaries							30,034
Corporate administrative expenses							(54,081)
Share-based payment expenses							(1,604)
Finance costs							(26,368)
Share of losses of an associate							(1,069)
Share of profits of joint ventures							28,417
Profit before taxation							183,021

All of the segment revenue reported above is from external customers and there were no inter-segment sales for both years.

Segment results represent the profit generated or loss incurred by each segment without allocation of interest income from banks, other payables waived, net foreign exchange losses, change in fair value of derivative financial instruments, gains on disposal of art work, gains on disposal of subsidiaries, corporate administrative expenses, share-based payment expenses, finance costs on borrowings, effective interest expenses on convertible notes, share of losses of associates and share of profits of joint ventures. This is the measure reported to the board of directors for the purpose of resource allocation and performance assessments.

(2) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

	Production and distribution of film rights *HK$'000*	TV advertising *HK$'000*	Mobile value-added services *HK$'000*	Magazine advertising and magazine distribution *HK$'000*	Reportable segments' total *HK$'000*	All other segments *HK$'000*	Consolidated *HK$'000*
At 31st December, 2013							
Segment assets	**1,176,935**	**12,596**	**13,498**	**27,603**	**1,230,632**	**14,270**	**1,244,902**
Property, plant and equipment – corporate							**5,361**
Art work							**162,764**
Interests in associates							**193,463**
Other receivables, deposits and prepayments							**245,259**
Amounts due from non-controlling interests							**9,642**
Bank balances and cash							**199,001**
Deferred tax assets							**1,219**
Consolidated assets							**2,061,611**
Segment liabilities	**97,608**	**9,883**	**3,723**	**11,430**	**122,644**	**12,256**	**134,900**
Other payables and accrued charges							**13,182**
Amounts due to non-controlling interests							**163**
Tax liabilities							**44,528**
Convertible notes							**23,758**
Derivative financial instruments							**1,630**
Consolidated liabilities							**218,161**

	Production and distribution of film rights	TV advertising	Mobile value-added services	Magazine advertising and magazine distribution	Reportable segments' total	All other segments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st December, 2012 (restated)							
Segment assets	779,958	22,905	10,469	28,341	841,673	49,769	891,442
Property, plant and equipment – corporate							4,031
Art work							164,307
Interests in joint ventures							636,248
Other receivables, deposits and prepayments							132,900
Amounts due from non-controlling interests							4,538
Bank balances and cash							107,753
Deferred tax assets							1,319
Consolidated assets							1,942,538
Segment liabilities	68,266	71,047	3,509	18,408	161,230	10,302	171,532
Other payables and accrued charges							31,649
Amounts due to non-controlling interests							760
Amounts due to related companies							1,105
Tax liabilities							32,402
Convertible notes							354,313
Consolidated liabilities							591,761

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

- all assets are allocated to operating segments other than property, plant and equipment for corporate use, art work, interests in associates, interests in joint ventures, amounts due from non-controlling interests, certain other receivables, deposits and prepayments, bank balances and cash and deferred tax assets, for which the Group's management monitored and managed all these assets on a group basis; and

- all liabilities are allocated to operating segments other than certain other payables and accrued charges, amounts due to non-controlling interests and related companies, tax liabilities, convertible notes and derivative financial instruments and for which the Group's management monitored and managed all these liabilities on a group basis.

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Interest income from banks	**409**	273
Government subsidies *(Note a)*	**2,102**	985
Refund of business tax *(Note b)*	**10,690**	16,759
Refund of PRC Enterprise Income Tax *(Note b)*	**2,709**	3,062
Other payables waived	**2,525**	8,365
Sundry income	**2,199**	554
	20,634	29,998

Notes:

(a) During the year ended 31st December, 2013, the Group received subsidies of HK$2,102,000 (2012: HK$985,000) from the relevant PRC government authorities for promoting the cultural industry development. There were no conditions attached to the subsidies granted to the Group.

(b) The PRC government authorities have granted tax incentives to several subsidiaries in the PRC by way of business tax and PRC Enterprise Income Tax ("EIT") refund for the production and distribution of film rights, TV and magazine advertising, magazine distributions and provision of TV programme packaging services by the Group in the PRC.

5. OTHER GAINS AND LOSSES, NET

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Gains on disposal of art work	**75,780**	–
Net foreign exchange losses	**(2,223)**	(272)
Bad and doubtful debts recovered	**539**	6,621
Change in fair value of investments held for trading *(Note)*	**4,227**	29,328
Change in fair value of derivative financial instruments	**(1,130)**	–
	77,193	35,677

Note: The amount includes net realised gain of approximately HK$5,272,000 (2012: HK$19,782,000) on disposal of investments held for trading during the current year and unrealised loss of approximately HK$1,045,000 (2012: unrealised gain of approximately HK$9,546,000) on change in fair value of investments held for trading held by the Group as at 31st December, 2013.

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interests on amount due to a shareholder	**–**	385
Effective interest expenses on convertible notes	**19,627**	25,983
	19,627	26,368

7. TAXATION CHARGE

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Current tax		
– PRC EIT	**(22,829)**	(15,923)
– Reversal of tax payable *(Note)*	**–**	14,924
	(22,829)	(999)
Deferred tax		
– current year	**(135)**	(1,775)
Taxation charge	**(22,964)**	(2,774)

Note: On 2nd April, 2012, a subsidiary reallocated certain film rights contracts which were completed in previous years to another subsidiary of the Group. This reallocation had resulted in a reduction in the tax exposure of the Group, which had made tax provisions in previous years without assuming the successful outcome of the reallocation, due to different tax rates applied by tax bureau in different provinces. Accordingly, a reversal of tax payable was made upon the transfer of film rights.

8. PROFIT FOR THE YEAR

	2013 *HK$'000*	2012 *HK$'000* (restated)
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,722**	3,022
Film rights recognised as an expense included in cost of sales and services		
– films	**49,755**	33,093
– television programmes and television drama series	**132,217**	163,917
	181,972	197,010
Amortisation of intangible assets (included in cost of sales and services)	**1,117**	3,643
Depreciation of property, plant and equipment	**6,296**	8,653
Total amortisation and depreciation	**7,413**	12,296
Written down of film rights (included in cost of sales and services)	**4,045**	–
Impairment of intangible assets (included in cost of sales and services)	**1,572**	–
Rental payments for premises under operating leases	**19,728**	14,215
Staff costs inclusive of directors' emoluments		
– salaries, bonuses and other benefits	**87,002**	72,136
– share-based payments	**–**	1,604
	87,002	73,740

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following information:

	2013 *HK$'000*	2012 *HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**206,024**	177,153

	2013	2012
Number of shares		
Weighted average number of ordinary shares in issue or deemed to be in issue during the year for the purposes of basic and diluted earnings per share	**7,998,144,251**	7,521,260,234

The weighted average number of shares used for the purpose of calculating earnings per share for the years ended 31st December, 2012 reflected the weighted average number of 5,040,750,000 ordinary shares deemed to be outstanding for the period from 1st January, 2012 to the date of the acquisition of China Entertainment Media Group Limited ("CEMG") in 2012 (the "Acquisition") and the total actual number of shares of the Company in issue after the date of the Acquisition.

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible notes as their assumed conversion would increase the earnings per share for the years ended 31st December, 2013 and 2012. In addition, the computation of diluted earnings per share does not assume the exercise of the share options and warrants because the exercise prices of these options and warrants were higher than the average market price of the Company's shares for the year ended 31st December, 2013 (for both options and warrants) and 2012 (for options only as warrants were issued in year 2013).

10. INTERESTS IN ASSOCIATES

	2013	2012
	HK$'000	*HK$'000*
Cost of investments in associates, unlisted	**196,705**	–
Share of post-acquisition loss and other comprehensive expense	**(3,242)**	–
	193,463	–

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entity	Form of entity	Place of establishment/ registration	Principal place of operation	Class of capital	Proportion of nominal value of registered/paid-up capital attributable to the Group 2013 %	2012 %	Proportion of voting rights held by the Group 2013 %	2012 %	Principal activity
Beida Culture	Limited liability company	PRC	PRC	Registered	**30.0** *(Notes a, b)*	N/A	**30.0**	N/A	Investment holding
華文創股份有限公司 MandarinVision Inc. ("MandarinVision")	Limited liability company	Taiwan	Taiwan	Registered	**37.3** *(Note c)*	–	**37.3** *(Note c)*	–	Production and distribution of film rights over films and TV programmes
Super Sports Media Inc. ("Super Sports")	Limited liability company	Cayman Islands	PRC	Preferred shares	**–**	– *(Note d)*	**–**	– *(Note d)*	Distribution of regional broadcasting right in the PRC and Macau regions and related advertising

Notes:

(a) During the year ended 31st December, 2013, Beida Culture ceased to be a subsidiary of the Group and became an associate as a result of the partial disposal of interest in Beida Culture as set out in note 16(i).

(b) Beida Culture is held by Zhong Lian Jinghua. Zhong Lian Jinghua is treated as a wholly-owned subsidiary of the Company as detailed in note 2.

(c) During the year ended 31st December, 2013, the Group subscribed for 9,700,000 shares of MandarinVision, a private company established in Taiwan, at a consideration of Taiwan New Dollar 97,000,000, which is equivalent to approximately HK$25,221,000. Upon completion, the Group had 37.3% equity interest of MandarinVision and two out of the five directors of the board of directors of MandarinVision were appointed by the Group.

(d) During the year ended 31st December, 2012, Super Sports was disposed through the disposal of subsidiaries, details were set out in note 16(iii).

11. INTERESTS IN JOINT VENTURES

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Cost of investments in joint ventures, unlisted	–	601,572
Share of post-acquisition profit and other comprehensive income	–	34,676
	–	636,248

The joint ventures were disposed of during the year ended 31st December, 2013. Please refer to notes 16(i) and 16(ii) for details.

Details of each of the Group's joint ventures at 31st December, 2012 are as follows:

Name of entity	Form of business structure	Place of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered/ paid-up attributable to the Group %	Proportion of voting rights capital attributable to the Group %	Principal activity
RenMinShiXun	Limited liability company	PRC	PRC	Registered	49 *(Notes a, b)*	49	Operating in mobile TV
人民視訊(上海)文化有限公司 ("RenMinShiXun (Shanghai)")	Limited liability company	PRC	PRC	Registered	49 *(Notes a, b)*	49	Operating in mobile TV

Name of entity	Form of business structure	Place of registration	Principal place of operation	Class of capital	Proportion of nominal value of registered/ paid-up attributable to the Group %	Proportion of voting rights capital attributable to the Group %	Principal activity
Jinghua Culture	Limited liability company	PRC	PRC	Registered	50 *(Note c)*	50	Advertising agency and distribution of a newspaper – Beijing Times
北京神州京華廣告有限公司 ("Shenzhou JingHua")	Limited liability company	PRC	PRC	Registered	50 *(Note c)*	50	Sales of advertisement spaces on newspaper
北京京之華物流有限公司 ("Jing Zhi Hua")	Limited liability company	PRC	PRC	Registered	50 *(Note c)*	50	Logistic services to group companies
北京盛世鴻宇科貿有限公司 ("Beijing Hong Yu")	Limited liability company	PRC	PRC	Registered	50 *(Note c)*	50	Sales of advertisement spaces on newspaper
北京京華鴻越圖書發行有限責任公司 ("Beijing Books")	Limited liability company	PRC	PRC	Registered	30 *(Notes c, d)*	30	Sales and distribution of books and electronic publications
北京京華新視覺文化傳播有限公司 ("Beijing Vision")	Limited liability company	PRC	PRC	Registered	30 *(Notes c, d)*	30	Cultural events organization
北京京華文化藝術發展有限公司 ("Beijing Arts")	Limited liability company	PRC	PRC	Registered	30 *(Notes c, d)*	30	Cultural events organization

Notes:

(a) RenMinShiXun was owned as to 49% by Zhong Lian Jinghua in which Zhong Lian Jinghua is treated as a wholly-owned subsidiary of the Company as detailed in note 2. Zhong Lian Jinghua contributed the capital of RenMinShiXun in cash of RMB14,700,000 (equivalent to approximately HK$17,138,000) and the joint venture partner contributed capital in cash of RMB15,300,000 (equivalent to approximately HK$17,838,000). RenMinShiXun (Shanghai), a wholly-owned subsidiary of RenMinShiXun, was set up on 9th August, 2010 with registered and paid up capital of RMB20,000,000.

(b) Zhong Lian Jinghua held 49% of the registered capital of RenMinShiXun and two out of the five directors of RenMinShiXun were appointed by Zhong Lian Jinghua, hence the Group controlled 40% of the voting power in the board of directors meeting. As all the decisions made in the board of directors meeting require at least one vote from the directors from each of the two joint venture partners, RenMinShiXun and hence its wholly-owned subsidiary, RenMinShiXun (Shanghai) were accounted for as joint ventures of the Group. During the year ended 31st December, 2013, RenMinShiXun ceased to be a joint venture of the Group, details are set out in note 16(ii).

(c) In prior year, Zhong Lian Jinghua acquired the entire issued share capital of Beida Culture from 上海經略廣告有限公司 (in English, Shanghai Strategic Advertising Company Limited), which in turn, held 50% equity interest in Jinghua Culture. As detailed in note 2, Zhong Lian Jinghua is treated as a wholly-owned subsidiary of the Company and its results, assets and liabilities are consolidated with those of the Group. Beijng Books, Beijing Vision, Beijing Arts, Jing Zhi Hua and Beijing Hong Yu were directly owned by Jinghua Culture with equity interest of 60%, 60%, 60%, 80% and 90% respectively. 20% of the equity interest in Jing Zhi Hua was directly owned by Shenzhou JingHua. Shenzhou JingHua was 100% owned by Jinghua Culture. 10% of the equity interest in Beijing Hong Yu was directly owned by Jing Zhi Hua. Jinghua Culture holds exclusive advertising and distribution rights which entitle it to operate the advertising agency business and newspaper distribution business for Beijing Times together with other businesses as permitted under its business certificate. The other joint venture partner is responsible for the editorial part of Beijing Times. Jinghua Culture was principally engaged in the businesses of newspaper advertising and newspaper distribution of Beijing Times, distribution of other newspapers, sales of bottled water and operating the newspaper website (namely JingHua Website) in the PRC.

(d) According to the articles of association of Beijng Books, Beijing Vision, Beijing Arts, all the major financial and operating decisions require simple majority of votes. Two out of three directors of Beijing Vision and Beijing Arts and three out of five directors of Beijing Books are appointed by Jinghua Culture. Accordingly, Beijing Books, Beijing Vision and Beijing Arts are subsidiaries of Jinghua Culture. The Group has 30% indirect interest in Beijing Books, Beijing Vision and Beijing Arts through Jinghua Culture. Therefore, they are considered as joint ventures of the Group. During the year ended 31st December, 2013, Jinghua Culture ceased to be a joint venture of the Group, details are set out in note 16(i).

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Trade receivables	**464,153**	345,796
Refundable deposit in relation to acquisition of an investee *(Note a)*	**30,691**	29,851
Amount receivable from a former subsidiary *(Note b)*	**–**	41,659
Deferred considerations for disposal of art work *(Note c)*	**76,074**	–
Deferred considerations for disposal of subsidiaries	**166,400**	77,560
Other tax recoverable	**30,649**	24,766
Other receivables and deposits	**16,153**	13,460
	319,967	187,296
Deposits paid for acquisition of property, plant and equipment and art work	**–**	20,157
Prepayments for film production	**114,042**	39,073
Prepayment for consultancy service fee	**–**	14,904
Other prepayments	**3,479**	13,222
Amount due from a joint venture partner	**–**	15,547
Total other receivables, deposits and prepayments	**437,488**	290,199
Analysed as		
Current	**305,987**	222,731
Non-current	**131,501**	67,468
	437,488	290,199

Notes:

(a) In prior year, the Group signed an agreement with a third party, pursuant to which the Group entrusted the third party and paid it a deposit of RMB24,000,000, which then submitted an application and the deposit to Shanghai United Assets and Equity Exchange ("SUAEE") for its intention to acquire for the 50% equity interests in another entity. The deposit is fully refundable prior to the approval of SUAEE and completion of the transaction. The demand for refund was submitted during the year ended 31st December, 2012 and remained in progress as at 31st December, 2013. In the opinion of the directors of the Group, the amount will be refunded within two years from 31st December, 2013. Accordingly, the balance is classified as non-current assets.

(b) The amount was unsecured, non-interest bearing and has no fixed repayment terms. During the year ended 31st December, 2013, the amount was fully settled.

(c) The amount is unsecured and non-interest bearing. Such balance was settled subsequent to the year ended 31st December, 2013.

Trade receivables

Trade receivables consist of receivables from debtors arising from production and distribution of film rights segment and other business segments, are analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Production and distribution of film rights	**415,569**	278,976
Other business segments	**48,584**	66,820
	464,153	345,796

The directors will assess whether allowance on these receivables is necessary on a regular basis after considering (i) the reputation and historic trading history of these customers; (ii) the market situations that lead to delay of broadcasting; (iii) industry practice in settlement; and (iv) subsequent settlements.

The following is an aged analysis of trade receivables for production and distribution of film rights segment presented based on (i) the date of delivery of the master copies of films or TV drama series for sales of film rights; and (ii) the date of films rendered to the cinema audience for revenue from box office takings, which approximated the respective dates on which revenue was recognised:

	2013	2012
	HK$'000	*HK$'000*
		(restated)
0 – 90 days	**100,058**	200,806
91 – 180 days	**5,493**	45,545
181 – 365 days	**210,028**	18,715
Over 365 days	**99,990**	13,910
	415,569	278,976

The following is an aged analysis of trade receivables for other business segments presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2013	2012
	HK$'000	*HK$'000*
		(restated)
0 – 90 days	**25,150**	63,777
91 – 180 days	**7,027**	1,631
181 – 365 days	**16,407**	1,412
	48,584	66,820

13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

Trade and other payables and accrued charges comprise amounts outstanding for trade purchases and ongoing costs. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period as well as the analysis of other payables and accrued charges at 31st December, 2013:

	2013	2012
	HK$'000	*HK$'000*
		(restated)
0 – 90 days	**22,054**	28,042
91 – 180 days	**–**	173
181 – 365 days	**16,453**	178
Over 365 days	**293**	4,189
Total trade payables	**38,800**	32,582
Other tax payable	**64,084**	49,535
Accrued staff cost	**9,880**	9,304
Amounts due to joint ventures	**–**	5,264
Other payables and accrued charges	**35,272**	46,611
	148,036	143,296

14. ISSUED SHARE CAPITAL

CEMG

	Number of shares			Share capital			
	Ordinary shares *'000*	Series A preferred shares ("Preferred shares") *'000*	Total *'000*	Par value per share *US$*	Ordinary shares *HK$'000*	Preferred shares *HK$'000*	Total *HK$'000*
At 1st January, 2012 and 31st January, 2012, immediately before the Acquisition	1,000,000	250,000	1,250,000	0.00001	78	20	98

THE COMPANY

	Number of shares	**Share capital** *HK$'000*
Ordinary shares of HK$0.25 each		
Authorised:		
At 1st January, 2012, 31st December, 2012 and 31st December, 2013	10,000,000,000	2,500,000
Issued and fully paid:		
At 1st January, 2012 and 31st January, 2012, immediately before the Acquisition	2,082,592,564	520,648
New shares issued in respect of the Acquisition *(Note a)*	5,040,750,000	1,260,188
Issue of subscription shares *(Note b)*	619,400,000	154,850
At 31st December, 2012	7,742,742,564	1,935,686
Issue of subscription shares *(Note c)*	582,630,000	145,657
At 31st December, 2013	8,325,372,564	2,081,343

Notes:

(a) On 31st January, 2012, the Company issued 5,040,750,000 ordinary shares of HK$0.25 each in exchange of the entire issued share capital, including Preferred shares, of CEMG.

(b) Upon the completion of the Acquisition and pursuant to a conditional subscription agreement entered into on 21st October, 2011, the Company further issued 619,400,000 ordinary shares of HK$0.25 each at the subscription price of HK$0.40 per share to an independent third party on 31st January, 2012 totalling HK$247,760,000.

(c) On 25th July, 2013, the Company further issued 582,630,000 ordinary shares of HK$0.25 each at the subscription price of HK$0.46 per share to certain independent third parties totalling HK$268,009,000.

All the shares issued ranked pari passu with the existing shares of the Company in all respects.

15. CONVERTIBLE NOTES

Pursuant to the equity transfer agreements for the acquisition of the entire issued share capital of Prefect Strategy International Limited and Main City Limited ("Main City") which have indirect control and an effective interest in Beida Culture, the Company issued two zero coupon convertible notes which have an aggregate principal amount of HK$470,000,000 on 3rd June, 2010. The first convertible note ("CB1") amounting to HK$350,000,000 will be matured in 3 years after the date of issue. The second convertible note ("CB2") amounting to HK$120,000,000 will be matured on the fifth anniversary after the date of issue. On 6th August, 2010, CB2 was fully converted into shares of the Company.

In addition, based on the relevant agreements, the Group is required to issue the additional amount of convertible note of the Company amounting to a principal amount of HK$30,000,000 (the "Additional CB") to the vendor if profit after taxation of Beida Culture in the year 2010 exceeds HK$50,000,000 (the "Condition") has been satisfied. Since the Condition was fulfilled as at 31st December, 2010, the obligation of the issuance of the Additional CB was established. The Additional CB, a zero coupon convertible note with principal amount of HK$30,000,000 was issued on 30th March, 2011 and will be matured on the fifth anniversary after the date of issue.

The convertible notes entitle the note holders to convert them into shares of the Company at any time within 3 years (for CB1) or 5 years (for CB2 and Additional CB) from the date of issue of the convertible notes, at the conversion price per share of HK$1.2 for CB1 or HK$1 for CB2 and Additional CB respectively, subject to anti-dilution clauses. In addition, the note holders shall exercise its conversion rights in relation to all outstanding amount of the convertible notes if (i) the market closing price of the shares on the Stock Exchange shall for 10 consecutive trading days be more than HK$1.5 per share; and (ii) the Company shall have given to the note holders within 7 business days written notice of compulsory conversion requiring the note holders to exercise its conversion rights in relation to all outstanding amount of the convertible notes.

Since the date of the Acquisition up to the maturity date of 3rd June, 2013 and 31st December, 2013, none of the CB1 and Additional CB with principal amount of HK$350,000,000 and HK$30,000,000 respectively has been converted.

CB1 was matured on 3rd June, 2013. On the same date, the Company and CB1 holder entered into an agreement to extend the repayment of the amount due (the "HK$350,000,000 Payable") from 3rd June, 2013 to 30th June, 2013.

As set out in note 16(i), part of the consideration for the disposal of 70% equity interest in Beida Culture was satisfied by the surrender of HK$350,000,000 Payable.

16. DISPOSAL OF SUBSIDIARIES

(i) On 20th June, 2013, the Company entered into an agreement with an independent third party (the "Third Party") to dispose 70% of its equity interest of Beida Culture which holds 50% equity interest in Jinghua Culture, at a consideration of HK$400,000,000. The Third Party is the original vendor which sold the 70% equity interest of Beida Culture to the Company at the original consideration of HK$400,000,000 during the year ended 31st December, 2010. The consideration shall be satisfied by (i) HK$50,000,000 deferred cash consideration to be settled within two working days after obtaining approval from the Group's shareholder; and (ii) the surrender of HK$350,000,000 Payable. The transaction was completed during the year ended 31st December, 2013.

(ii) On 18th December, 2013, the Group entered into an agreement with an independent third party to dispose of its entire equity interest of Main City and 49% equity interest of RenMinShiXun, at a consideration of US$18,800,000 of which US$3,800,000 to be settled before 31st December, 2013 and US$15,000,000 to be settled on 20th March, 2014. The transaction was completed on 31st December, 2013, on which date control of Main City and RenMinShiXun were passed to the acquirer.

(iii) On 29th March, 2012, a wholly-owned subsidiary of the Group entered into a conditional sale and purchase agreement with an independent third party pursuant to which the Group will dispose of 100% of its equity interest in Fame Tower Limited ("Fame Tower") and Golden Pace Limited ("Golden Pace") which mainly hold 30% equity interest in Super Sports and the broadcasting right in connection with the mobile audio-visual broadcasting respectively for a total consideration of US$20,000,000 which is equivalent to approximately HK$155,120,000 (the "Disposal"). The Disposal was completed on 31st May, 2012, on which date control of Fame Tower and Golden Pace was passed to the acquirer.

17. EVENTS AFTER THE REPORTING PERIOD

On 8th March, 2014, the Company and an independent third party, Alibaba Investment Limited ("Alibaba"), entered into the subscription agreement, pursuant to which Alibaba has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 12,488,058,846 new shares of the Company at an issue price of HK$0.50 per share. The newly allotted shares represent approximately 150% of the issued share capital of the Company as at 8th March, 2014 and approximately 60% of the issued share capital of the Company as enlarged by the allotment and issue of new shares. The subscription has not yet been completed as at the date of this announcement.

CHAIRMAN'S STATEMENT

In 2013, the cultural industry in China experienced a booming year of growth, which was mainly supported by the Central Government's favorable policies, as well as the increased living standard of the population. In 2009, the State Council approved the "Plan to Reinvigorate the Culture Industry" in promoting the cultural industry to become the national strategic industry. In 2012, the Ministry of Culture "Twelfth Five-Year" period of the cultural industry doubling plan ("Doubling Plan") was launched. It proposed that during the "Twelfth Five-Year" period, the annual growth of the cultural industry should be higher than 20% and up to 2015, should exceed RMB800 billion. Also in 2012, the report of the "Eighteenth National Congress of the Communist Party of China" clearly stated that cultural industry will be a new pillar industry, the GDP ratio will increase from the current 3% to 5%, exceeding RMB5,500 billion of incremental value in 2020, and the growth would maintain at about 20% in the next seven years. Under the guideline of the Doubling Plan, the cultural industry will maintain strong growth momentum, especially in the rapid development of films, television drama series, online entertainment and media and bring huge development opportunities for the Group.

The Group has since endeavored to build its brand and aimed to become a leading integrated platforms offering high quality contents production, online entertainment, media platform and multiple distribution channels in the Greater China region. To achieve this set of goals, the Group has already established a number of strategic partnerships with industry elites to enhance its production capability, consolidated its resources to develop the film and television drama series production and distribution business, and introduced strategic partner to explore online entertainment and media platform. Since 2012, the Group collaborated with a team of well-known directors, such as Mr. Yin Li and Mr. Ding Sheng, screenwriters Mr. Hai Yan, Ms. Yan Ge Ling and Mr. Dong Zhe, famous actors including Mr. Ge You, Mr. Chen Bao Guo, Mr. Huang Bo and the superstar Mr. Chiau Sing Chi (also known as Stephen Chow, "Mr. Chiau"). In the fourth quarter of 2013 and the first quarter of 2014, the Group further co-operated with Hong Kong's renowned director, Mr. Chan Ho Sun, Peter ("Mr. Chan") and Ms. Chai Zhi Ping Angie ("Ms. Chai") respectively under the motion pictures development co-operation agreements. Meanwhile, the Group worked with a Taiwanese institutional investor to build a co-production platform to jointly develop low-cost and fresh-style films targeting audiences across Mainland China, Hong Kong and Taiwan. In addition, the Group joined hands with China Film Group Corporation ("CFGC") to launch entertainment that caters for Chinese audience. Through these collaborations, the Group has gathered resources across Mainland China, Hong Kong and Taiwan and laid a solid foundation for contents variety. On the other hand, the Company entered into a conditional share subscription agreement with Alibaba Investment Limited ("Alibaba"), (and its parent company, Alibaba Group, collectively referred to as "Alibaba Group") on 8th March, 2014. The Group plans to explore online entertainment and media related businesses with Alibaba Group. All these initiatives enhanced the Group's presence in the value chain of film and television drama series production and opened up a new arena of opportunities for the Group in the flourishing cultural industry.

Film and Television Drama Series Business

Film production and distribution

In 2013, the number of movie screens in China grew by 38.7% year-on-year to 18,195 pieces. The substantial increase is a reflection of the increase of economic status of the national as well as the movie-viewing habit adopted by the population. China's box office surged by 27.5% to RMB21.77 billion in 2013, overtaking Japan as the world's second largest film market after the U.S. Such vigorous growth momentum of the box office continues in 2014. With the help of the Chinese New Year and the 'double' Valentine's Day in February, the box office hit a new record of RMB3 billion in a single month. The Group believes that the outlook of the film industry is prosperous with the supportive policies and the increasing expenditure in entertainment by the national Chinese. The EntGroup, an independent industry consultant, forecasts that China's overall box office will maintain at an annual growth of over 30% and will reach RMB28.8 billion by 2014.

In addition to the scalable growth, 2013 is a proud year for domestic films. During the year, domestic films' box office recorded revenue of RMB12.77 billion, representing a growth of 54.3% year-on-year and accounted for 58.7% of the overall box office for the year. It surpassed the RMB9 billion box office of the imported films, reclaimed the control over the Chinese films market. The Group is committed to the production and distribution of high-quality films, and to capture greater market share through exquisite works collaborated with industry elites. During the year, the film "Journey to the West: Conquering the Demons" invested by the Group has topped the national box office with revenue of approximately RMB1.25 billion. Leverage on the "Journey to the West" brand and the market momentum, the Group and Mr. Chiau have planned to start filming the "Journey to the West 2" in the second half of 2014. The preparation work is drawing to the end. The Group believes that this film will once again contribute considerable return to the Group.

In January 2013, China's State Press and Publication Administration of Radio announced administrative rules to promote cross-strait co-operation in the film industry, and to integrate resources of the two regions to develop co-production platform. In view of the trend and creativity of the Taiwanese film industry as well as its unique positioning in the Asian film development, the Group captured such opportunity and invested in a new Taiwanese film named "My Rival is Superman" (我的情敵是超人) with Mr. Giddens Ko (also known as "Jiubadao", "Mr. Ko") as a producer in the year. Mr. Ko is a famous Taiwanese director and recognised by the market for his movie "You Are the Apple of My Eye" (那些年，我們一起追的女孩). The production of "My Rival is Superman" was finished in 2013 and is expected to release during the summer holidays in 2014. The Group believes that the film would likely create another wave of popularity of fresh-style Taiwanese film in Asia. Apart from that, the Group also partnered with Taiwanese film investors, including CTBC Venture Capital Co., Ltd and Sunsino Ventures Group, for the investment in MandarinVision Inc. to bring Asian audience more quality films. Moreover, the romantic comedy, "The Faithful Meeting" (玩命邂逅), which was co-invested by the Group and CFGC in October 2013, is now undergoing post-production, and is expected to release in the second half of 2014.

To further strengthen the Group's capability in content production, the Group entered into a motion pictures development co-operation agreement (the "Agreement") with Mr. Chan and his film development company, We Pictures Limited, in November 2013. Pursuant to the Agreement, the Group would invest in the production of five motion pictures in which Mr. Chan would play significant roles as filmmaker, producer, director or script writer within the coming seven years. The first one "Home" (家) will start shooting in early April 2014 and is expected to release in the fourth quarter of 2014. With over 20 years' experience in the film industry, Mr. Chan has established himself firmly as a distinguished director and producer and was voted "the most valuable filmmaker". Combining the Group's advantages in resources and distribution network and Mr. Chan's unique perspective in film making, more touching films will be brought to the Chinese audience over the world.

On the other hand, the Group entered into a motion pictures development co-operation agreement with Ms. Chai in March 2014. Within the next five years, the Group plans to invest in the production of five motion pictures, in which Ms. Chai would play a role as producer while Mr. Ko would play a role as director or script writer; or Ms. Chai would play a significant role as producer or script writer. Ms. Chai is a renowned producer for numerous acclaimed idol-dramas and was awarded the "Best Producer Award" by Anhui Satellite Television Network at the "2012 Television Drama Awards – Made in China" in 2012. The Group believes that this cooperation will further improve its strength in contents production and enrich resources in its film and television drama series business.

A number of investment projects will be confirmed and rolled out progressively. Coupled with our innovation and commitment in film investment and diverse production, the Group is steadily entering into a golden era in the fast-growing film industry.

Television drama series production and distribution

Being one of the favorite entertainments of the Chinese audience, the potential for development of the television drama market is huge. In addition to traditional television broadcasting media, the emergence of online television and online video also becomes a new growth driver of the television drama market. According to Guosen Securities' research report (電視劇行業系列研究之一) in 2013, the transaction value of the entire television drama market is estimated to reach RMB16.5 billion by 2015.

During the year, the Group was dedicated to the production of high-quality films and television drama series and obtained encouraging results and market feedback. The "Heroic" series is one of the few television drama series that enjoyed both good viewership and public praise in recent years. The series highlighted the mainstream social value, emphasizing on patriotism and heroic deeds, and it successfully created the "Heroic" spy television series. The series' fifth story "Righteous Invincible" (義者無敵) was launched in the first half of 2013 and achieved satisfactory results. The sixth story "The Power of Faith" (信者無敵) was completed filming in 2013 and will commence sale in the first half of 2014. The Group believes this sixth story would continue the success of "Heroic" series in attracting market attention before launching and generating positive return to the Group. In 2013, riding on the trend of the contemporary dramas, the Group invested in the production of television drama series, such as "Left Hand Joins Right Hand" (左手親情右手愛) and "A Good Woman" (美麗的誘惑) and also sold several quality television drama series during the year. All of them contributed significant income to the Group.

Looking into 2014, the Group will complete the sale and distribution of certain television drama series, including the "Bayonet Hero" (刺刀英雄) and two myth plays "Goddess Marriage after the transfer" (天仙配後傳) and "Ma Gu Xian Shou" (麻姑獻壽). The contemporary drama "Dying to fall in love with you" (好想好想愛上你), which was invested by the Group and played by famous artists Miss Zhang Xinyi and Mr. Kenji Wu Ke Qun, will commence production in early April and is expected to commence sale in the second half of 2014.

The Group possesses core advantages in content resources, capital and branding for television drama series production. The Group will continue to enhance the content quality with its excellent creative team, produce and distribute diverse and mainstream-market-driven dramas. The Group will also utilize multi-media channels for marketing and promotion to enlarge its market share and competitive edges.

Other Businesses

The Group optimized its internal resource allocation and restructured the television advertising and mobile new media businesses, to concentrate its resources on the high value-added businesses, namely film and television drama series production and distribution business as well as online entertainment and media platform. Following the Supplementary Provisions to the Administrative Measures for the Broadcasting of Radio and Television Advertisements (《廣播電視廣告播出管理辦法》的補充規定), which took effect in 2012, the State Administration of Radio Film and Television further issued the Notice on Further Strengthening the Management of Television Channels Broadcasting Television Shopping Advertisement Videos (關於進一步加強衛視頻道播出電視購物短片廣告管理工作的通知) on 30th October, 2013. The new policy limits the air time, content and frequency of shopping advertisement videos on satellite television channels from 1st January, 2014. Taking into consideration of the stricter policies, the Group terminated the long-term exclusive cooperation agreement on advertising with Gansu Provincial Film and TV Broadcast Group ("Gansu TV") at the end of 2013. The Group will remain its business relationships with Gansu TV and other television stations (e.g. Shenzhen Satellite Television Network) to provide television advertising sales services. Besides, the mobile new media business (including mobile value-added services, like SMS, digital reading and online games, and mobile television business) recorded stable revenue growth during the year, driven by the rising popularity of the mobile internet and the fast-growing mobile phone users. However, in order to maximize the use and economic return of its resources for the development of high-valued online entertainment and media related businesses, the Group disposed of the mobile television business to an independent third party at the end of 2013 at a satisfactory price of US$18.8 million.

In view of the rising domestic paper costs and wages that caused great pressure on the newspaper advertising and distribution business, the Group announced on 20th June, 2013 the disposal of the 70% equity interest of Beijing Beida Cultural Development Company Limited ("Beida Culture"), a wholly-owned subsidiary, to a third party for a consideration of HK$400 million. Beida Culture owns 50% equity interest of the newspaper advertising and distribution business of Jinghua Culture Broadcast Company Limited ("Jinghua Culture"). By keeping the remaining 15% effective interest in Jinghua Culture, the Group will continue to explore new marketing channels to broaden revenue sources, such as the Cloud Newspaper and Jinghua logistics business. Through this disposal, the Group will re-allocate resources to focus on the development of businesses with high-growth potentials.

With its efforts over the last two years, the Group's magazine, FIGARO has been recognised as one of the premier fashion magazines in China and widely accepted by internationally renowned advertisers. Looking forward, the management of the Group has formulated a series of strategies to consolidate contents and advertisements, cut down costs with an aim to enhancing the profitability of FIGARO.

Prospects

After the integration and development of the past two years, the Group has successfully allied with industry elites, to enrich its resources for film and television drama series production and reinforce its core competitiveness. Looking ahead in 2014, the Group will penetrate the high quality films and television drama series into the Internet market. China's online video market is the largest in the world. As of December 2013, the number of China's online video users reached 428 million and is expected to further increase to 700 million in 2016, according to iResearch. With the increasing popularity of 4G mobile communication technology, more and more mobile users are expected to join the ranks of online video viewers. As of December 2013, the number of mobile users viewing/downloading online video amounted to 247 million, representing an 83.8% year-on-year growth of 112 million at the end of 2012. This huge group of Internet users creates enormous demand for quality films and television drama series. To seize this opportunity, the Group will expand into the online entertainment and media related business together with its strategic partner in 2014.

Therefore, on 8th March, 2014, the Group and Alibaba entered into a conditional share subscription agreement. Alibaba will subscribe for a total of 12,488,058,846 new shares of the Company at the subscription price of HK$0.50 per share for a total consideration of HK$6,244,000,000. The subscription shares represent approximately 60% of the Company's issued share capital as enlarged by the allotment and issue of the subscription shares.

Founded in 1999, Alibaba Group is the global leader in e-commerce. Its diverse Internet-based businesses include consumer e-commerce, online payment, B2B online trading, cloud computing, mobile applications, mobile operating systems and Internet television. Alibaba Group's Taobao (taobao.com) is one of the most popular online shopping retail platforms in China. It has nearly 500 million registered users and more than 60 million regular visitors daily. The number of goods traded online every day exceed 800 million units. Alibaba Group has built a comprehensive online payment platform and online trading model over years of e-commerce operation. Its massive user base, online payment platform as well as brand appeal will bring huge business opportunities for the Group's development of online entertainment and media related areas.

Looking ahead in 2014, the Group will further enhance its core competitive advantages in the industry with clear strategies, strong capital strength, regulated operations and modern management. In the meantime, the Group aims to build the future with innovative culture and highly-efficient media channels, in order to achieve its vision of becoming an influential global cultural group and creating long-term and high-value return for its shareholders.

FINANCIAL RESULTS

Pursuant to the application of new Hong Kong Financial Reporting Standard 11 ("HKFRS 11"), the Group will no longer apply the proportionate consolidation accounting method but the equity method for its joint ventures. Therefore, the consolidated financial statements for the year ended 31st December, 2012 have been restated according to the adoption of HKFRS 11. Profit for the year attributable to owners of the Company was not affected by the restatement.

For the year ended 31st December, 2013 (the "Year"), the Group's business maintained a stable growth momentum. During the Year, the Group recorded a revenue of HK$751,074,000 (2012: HK$792,786,000). As a result of the stable growth of the Group's core businesses, the optimisation of the internal allocation of resources and the implementation of a number of cost control measures, profit attributable to owners of the Company surged by 16.3% to HK$ 206,024,000 (2012: HK$177,153,000).

For the year ended 31st December, 2013, earnings per share (basic and diluted) for the Group was 2.58 HK cents (2012: 2.36 HK cents), representing an increase of 9.3%. Net assets value attributable to the owners of the Company per share reached HK$0.22 (2012: HK$0.17).

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st December, 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

For the year ended 31st December, 2013, the Group was principally engaged in media related businesses, principally including planning, production, publication, investment and distribution of television drama series and films and organising cultural and artistic exchange activities, mobile value-added services, sales and distribution of magazines, satellite television advertising, magazine advertising and TV programme packaging services. Majority of these businesses were conducted in the People's Republic of China (the "PRC").

Film, Television Drama Series Production and Distribution Business

For the year ended 31st December, 2013, the revenue contributed from the film and television drama series production and distribution business amounted to HK$421,409,000 (2012: HK$415,936,000), representing 56.1% of the Group's revenue. Segment profit before tax amounted to HK$171,276,000 (2012: HK$162,277,000). Television drama series production and distribution accounted for approximately 70% of the segment revenue. The sales of the "Heroic" series were the main profit attributor, which delivered a considerable amount of return for the Group. On the other hand, film production and distribution accounted for approximately 30% of segment revenue. Amongst all, the movie "Journey to the West: Conquering the Demon", which was directed by the Chinese movie guru and super star, Mr. Chiau recorded a worldwide box office of over HK$1.6 billion. The Group was entitled to 30% of investment return of the movie, which brought significant income for the Group.

During the Year, the Group implemented stringent cost control measures and streamlined production to enhance the overall profitability.

Television Advertising Business

For the year ended 31st December, 2013, the revenue of the television advertising business reached HK$264,535,000 (2012: HK$287,134,000), accounting for 35.2% of the Group's revenue. Segment profit before tax saw a growth of 96.3% to HK$50,913,000 (2012: HK$25,930,000). Following the acquisition of the China Entertainment Media Group Limited in 2012, the Group acquired the exclusive right to operate television advertising and content programming for the Gansu Satellite Television Network. During the Year, the Group repositioned and improved the quality of television programmes, and implemented strict and effective cost control. These efforts successfully drove noticeable growth in the gross profit of satellite television advertising.

Mobile Value-Added Business

For the year ended 31st December, 2013, net revenue of the mobile value-added business registered at HK$12,068,000 (2012: HK$13,449,000), accounting for 1.6% of the Group's revenue. Segment profit before tax was HK$6,030,000 (2012: HK$7,144,000). The Group's mobile value-added services included SMS, digital reading and online games, bringing personalised information and entertainment services for Chinese mobile phone users.

Magazine Advertising and Magazine Distribution Business

For the year ended 31st December, 2013, the distribution and advertising business of high-end women's magazine FIGARO generated a revenue of HK$35,637,000 (2012: HK$38,424,000), accounting for 4.7% of the Group's revenue. Segment loss before tax was reduced by 28.3% to HK$15,256,000 (2012: HK$21,291,000). During the Year, the Group has implemented various cost control measures to minimise the loss of FIGARO.

Other Businesses

For the year ended 31st December, 2013, revenue from other segments (including trading of securities in Hong Kong, mobile games subscription, provision of other agency services, TV programme packaging services and other businesses in the PRC) amounted to HK$17,425,000 (2012: HK$37,843,000). Segment loss before tax was HK$9,835,000 (2012: segment profit before tax of HK$25,266,000).

In addition, for the year ended 31st December, 2013, the share of profits of joint ventures including newspaper advertising and newspaper distribution business and mobile TV subscription business attributable to the Group was HK$2,322,000 (2012: HK$28,417,000). The decrease in profit was mainly attributable to the share of loss of HK$10,900,000 (2012: share of profit of HK$ 22,950,000) recorded in the newspaper advertising and newspaper distribution business.

On 20th June, 2013, the Group announced to dispose 70% equity interest of Beida Culture (a wholly-owned subsidiary), which owns 50% equity interest of the newspaper advertising and newspaper distribution business of Jinghua Culture, at a consideration of HK$400,000,000 to a third party. The transaction was completed during the Year and recorded a loss of HK$50,128,000. Upon the completion of the transaction, Beida Culture became an associate of the Group, in which the Group holds 30% equity interest.

On 18th December, 2013, the Group signed an agreement with an independent third party to dispose 100% of its equity interest in Main City Limited (a wholly-owned subsidiary) and 49% equity interest of the mobile TV subscription business at a consideration of US$18,800,000 (equivalent to HK$145,888,000). The transaction was completed on 31st December, 2013 and recorded a gain of HK$115,081,000.

For the year ended 31st December, 2013, the share of losses of associates attributable to the Group was HK$4,936,000 (2012: HK$1,069,000). This was mainly attributed to the share of loss of Beida Culture (operating the newspaper advertising and newspaper distribution business) which became an associate of the Group.

For the year ended 31st December, 2013, the gains on the disposal of art work registered at HK$75,780,000 (2012: nil). The disposal of art work generated substantial cash flow for the Group, which in turn strengthened the Group's financial position. Leverage on that, the Group will focus its resources on developing businesses with greater market potential namely the film and television production and distribution business.

In February 2013, the Group signed a memorandum and a cooperative agreement with the People's Government of Tongxiang City, Zhejiang Province to acquire the land use right of a parcel of land with a total area of approximately 1,048.5 Mou in the PRC to develop the "Journey to the West" Film Art Center Project. Due to the change in national policy directions on film and theme park oriented projects, in November 2013, the Group signed a memorandum of understanding with the Municipal Government of Tongxiang City, Zhejiang province. Under the memorandum, the nature of the Project was modified from its original positioning as a theme park to a culture creative park, namely the "Wuzhen West Journey Cultural Park". To accelerate the development progress, the Municipal Government of Tongxiang agreed to add an additional land parcel to the project. Currently, the total area of the project amounted to approximately 1,005.6 Mou. As at the date of this report, there was no further development on the project.

The Group is currently structured through a series of contractual agreements, such that the Group's major businesses including the production and distribution of film rights, TV advertising and print media business are controlled through indirectly controlled entities domiciled in the PRC. The Company consolidates the financial statements of these indirectly controlled entities as consolidated affiliated entities. In order to strengthen the Company's control over these indirectly controlled entities and to mitigate potential regulatory and legal risks in association with those indirectly controlled entities, the Group is now undergoing a reorganisation enabling its wholly-owned subsidiaries to directly operate these businesses in the PRC, or to put in place commercial arrangements, in accordance with the Mainland and Hong Kong Closer Economic Partnership Arrangement or other relevant regulations. The Chinese Government's recent policies on revitalizing and promoting the development of China's cultural industries allow foreign investments in a number of permitted cultural domains, such as movies and TV drama series. The Company expects to complete the reorganisation by the end of 2014.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations and equity financing. As at 31st December, 2013, the Group maintained cash reserves of HK$199,001,000 (2012: HK$107,753,000). As at 31st December, 2013, the equity attributable to owners of the Company amounting to HK$1,825,990,000 (2012: HK$1,316,740,000) with total borrowings of HK$23,758,000

(2012: HK$354,313,000). As at 31st December, 2013, the Group's gearing ratio (net borrowings including convertible notes over total equity) was nil (2012: 18.7%).

On 22nd May, 2013, the Company and a placing agent entered into a placing agreement, pursuant to which the Company had appointed the placing agent to place 60,000,000 warrants conferring the rights to subscribe up to HK$30,000,000 in aggregate for one ordinary share of the Company of HK$0.25 each at an initial subscription price of HK$0.50 per share, at a placing price of HK$0.01 per warrant. For the year ended 31st December, 2013, the net proceeds of HK$500,000 from the issue of the warrants were used for general working capital of the Group. The Company will receive additional gross proceeds of approximately HK$30,000,000 upon the exercise in full subscription rights attaching to the warrants. The Company intends to use such proceeds as general working capital of the Group. Such issuance of warrants was completed on 7th June, 2013. Subsequent to the end of 31st December, 2013, the Company issued 30,000,000 ordinary shares of the Company upon exercise of the subscription rights attaching to the warrants. The balance of the warrants will expire on 6th June, 2014.

On 25th July, 2013, the Company issued and allotted 582,630,000 ordinary shares of the Company of HK$0.25 each at the subscription price of HK$0.46 to investors, approximately 7% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares as at 25th July, 2013. The net proceeds of approximately HK$260,000,000 from the subscription were used for general working capital of the Group and/or for investments when opportunities arise. The subscription was completed on 25th July, 2013.

On 8th March, 2014, the Company and an independent third party, Alibaba, entered into a subscription agreement, pursuant to which Alibaba conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 12,488,058,846 new shares of the Company at an issue price of HK$0.50 per share. The newly allotted shares represent approximately 150% of the issued share capital of the Company as at 8th March, 2014 and approximately 60% of the issued share capital of the Company as enlarged by the allotment and issue of new shares. At the date of this announcement, the subscription has not yet been completed.

Foreign Exchange Fluctuation

The Group's operations are mainly located in the PRC and its transactions, related working capital and borrowings are primarily denominated in Renminbi and Hong Kong Dollars. The Group monitors its foreign exchange exposure and will consider hedging significant currency exposure should the need arise.

Charges on Assets

As at 31st December, 2013, the Group did not have any charge of assets (2012: The entire issued share capital of a wholly-owned subsidiary of the Group was pledged as a share charge for the convertible note of HK$350,000,000 issued by the Group on 3rd June, 2010).

Contingent Liabilities

As at 31st December, 2013, the Group had no material contingent liabilities (2012: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2013, the Group, including its subsidiaries but excluding its joint ventures and associates, employed approximately 250 (2012: 270) employees. The remuneration policies of the Group are based on the prevailing market levels and the performance of the respective group companies and individual employees. These policies are reviewed on a regular basis.

RISK MANAGEMENT

During the year, the Group constantly reviewed the risk and credit control systems of its profit centres to improve the overall control system and mitigate the credit risk.

CORPORATE GOVERNANCE

During the year ended 31st December, 2013, the Company has applied and complied with the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for certain deviations which are summarised below:–

Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. There has been no separation of the roles of the chairman and the chief executive since the appointment of Mr. Dong Ping, the Chairman of the Company, as the acting Chief Executive Officer of the Company with effect from 9th January, 2012. In view of Mr. Dong Ping's extensive experience in the industry and in-depth knowledge of the Group's operation and business, the Board considers that the current management structure works effectively in enabling it to discharge the responsibilities and thus, there is no imminent need to separate the roles into two individuals. However, the Board will identify an appropriate person to take up the role of chief executive when necessary.

Code Provision A.6.7

Code provision A.6.7 stipulates that independent non-executive directors ("INEDs") and other non-executive directors should attend general meetings. Mr. Chen Ching and Mr. Jin Hui Zhi, both being the INEDs of the Company, were unable to attend the special general meeting of the Company held on 8th October, 2013 due to other engagements.

Code Provision B.1.2

Code provision B.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the code provision.

The terms of reference of the remuneration committee (the "Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.2 except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of Executive Directors only and not senior management (as opposed to Directors and senior management under the code provision).

The reasons for the above deviation are set out in the section "Corporate Governance Report" contained in the Company's annual report for the financial year ended 31st December, 2013. The Board considers that the Remuneration Committee should continue to operate according to the terms of reference adopted by the Company. Further information on the Company's corporate governance code and details of the Company's deviations from certain code provisions of the CG Code during the year under review will be set out in the corporate governance report to be contained in the Company's 2013 annual report which will be sent to the shareholders of the Company in April 2014.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2013.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit of loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 31st December, 2013.

By Order of the Board
ChinaVision Media Group Limited
Dong Ping
Chairman

Hong Kong, 28th March, 2014

As at the date of this announcement, the Board comprises Mr. Dong Ping (Chairman), Mr. Ng Qing Hai and Mr. Zhao Chao, being the Executive Directors; Mr. Kong Muk Yin, being the Non-Executive Director; and Mr. Chen Ching, Mr. Jin Hui Zhi and Mr. Li Chak Hung, being the Independent Non-Executive Directors.