TOM Group Limited

TOM集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2383)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

CHAIRMAN'S STATEMENT

TOM Group's traditional media businesses continue to experience adverse structural and cyclical pressures that are expected to continue for the foreseeable future. The Group has accordingly been repositioning through strategic investments in the e-commerce, "fintech" and advanced data analytics sectors, each of which is enjoying strong growth momentum globally and represent significant growth opportunities in the Mainland due to government policies directed towards stimulating domestic consumption and accelerating digital development in the rural economy.

For the year ended 31 December 2015, the Group's revenue was HK$1,268 million; loss before finance costs and taxation amounted to HK$143 million. Loss attributable to shareholders, including one-off items, was HK$214 million.

Ule (www.ule.com), our e-commerce joint venture with China Post, grew significantly during the review period. Gross merchandise value (GMV) reached RMB23 billion last year, a 2.5 times year-on-year growth. As at the end of December, more than 100,000 rural outlets across 29 provinces on the Mainland have joined the Ule platform, enabling rural consumers to purchase a wide range of products and services from agricultural to electronics to financial products via the Ule platform, and at the same time, offering supply opportunities for brand owners to reach the rural market.

In February 2016, TOM and Ule individually invested in a German-based peer-to-peer (P2P) insurance platform Friendsurance. The investment may enrich the Ule platform and expand into P2P insurance offerings in the Mainland.

The Publishing Group reported a stable performance while continuing to adopt and grow digital platforms. Revenue was HK$911 million and segment profit increased 7% from a year earlier to HK$65 million.

A significant downturn in the Mainland advertising market contributed to continuing disappointing performances by our internet and traditional media businesses. Our Mobile Internet Group reported revenue of HK$38 million and segment loss of HK$27 million, following the exit of 2.5G wireless value-added services market. The Outdoor Media Group reported revenue of HK$152 million and segment loss amounted to HK$30 million. The Television and Entertainment Group maintained its revenue at HK$156 million and segment loss narrowed to HK$30 million.

The Group has made progress in realigning its cost structure to better match its strategic priorities going forward and further significant operating cost base reductions are expected in 2016.

On behalf of the Board, I would like to take the opportunity to thank the management and all the staff of the Group for their hard work and dedication over the past year.

Frank John Sixt
Chairman

Hong Kong, 10 March 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Consolidated revenue	1,267,509	1,511,033
Loss(1) before disposal gains(2) and before recovery of a receivable previously written off(3)	(209,915)	(193,551)
Disposal gains(2)	56,460	188,198
Loss attributable to equity holders of the Company	(214,474)	(84,879)
Loss per share (HK cents)	(5.51)	(2.18)

(1) Loss before net finance costs and taxation (including share of results of investments accounted for using the equity method)

(2) 2015: Gain on disposal of an investment accounted for using equity method (HK$50,147,000) and an available-for-sale financial asset (HK$6,313,000) of the Publishing Group

2014: Gain on disposal of investments accounted for using the equity method of the E-Commerce Group (HK$188,198,000)

(3) 2015: Recovery of a receivable due from an entity which was deconsolidated in 2013 under the Outdoor Media Group amounting to HK$10,308,000 (2014: Nil)

BUSINESS REVIEW

New opportunities from industry and technology evolvement, coupled with the Chinese Government's efforts in encouraging domestic consumption and strategies on "rural digitisation" and "Internet+", have created opportunities for TOM Group to reposition its businesses and investments in China. Against this backdrop, the Group overall has been strategically expanding its footprints into technology-based and high value businesses and investing in the areas of e-commerce, "fintech" and advanced data analytics as well as social insurance.

During the review period, the Group optimised its business portfolio and exited investments in some of the traditional business in the Publishing and Outdoor Media business units. Revenue of the Group decreased 16% to HK$1,268 million as a result of business portfolio optimisation. Effective measures and continued efforts to enhance operating efficiency resulted in a 13% reduction in operating expenses from the same period last year and gross profit margin expanded 2 percentage points to 35%. As our strategic investments are still in the growth and development stage, the Group reported a loss attributable to shareholders of HK$214 million, including one-off items during the reporting period.

Invest strategically across a spectrum of technology-centric and high growth businesses

E-Commerce - Ule

Domestic consumption plays a dominant role in the next stage of economic growth of China, especially the huge business potential from developing the rural area and lower-tier cities. TOM Group strategically partnered with China Post in 2010 to establish Ule, a unique offline to online/mobile e-commerce platform focusing on township and rural market. During the year, Ule continued to build a strong foundation on our O2O e-commerce platform. 2015 full year GMV has reached RMB23 billion, more than 250% increase year-on-year from 2014 GMV of RMB6.5 billion.

The Chinese government's policies directed towards stimulating domestic consumption and accelerating digital development in the rural economy encourages the adoption of Internet and mobile technologies. In-line with this national objective, Ule was able to leverage on the China Post's extensive networks and establish a strong foothold in the rural e-commerce market. As at the end of 2015, the Ule rural e-commerce platform has already rolled out to more than 100,000 rural outlets across 29 provinces, offering offline-to-online concierge services for store owners and rural buyers, sales of agricultural produce to urban customers and various other business services for store owners.

In 2015, Ule capitalised on a large number of offline rural outlets to boost online sales. During the fourth quarter of 2015, approximately 50% of the online orders were generated through the concierge services from offline rural outlets.

Whilst China macro-economic environments remain challenging in 2016, the e-commerce business, meanwhile, is expected to maintain its strong momentum and will be a key driver of growth for TOM Group.

Launch Internet finance service with WeLab and partners

The growing business transactions from the Ule platform generate an increased demand for innovative Internet financial products and services. In 2014, TOM Group as well as Ule invested in WeLab, a Hong Kong-based online consumer finance company with unique credit risk assessment and fraud control technology. WeLab has been growing rapidly in Hong Kong and China since its debut in 2013. Currently, WeLab's customers reached 3 million individuals and recorded RMB10 billion in loan applications in China. In January 2016, WeLab announced a US$160 million fund raising round led by Malaysia sovereign fund Khazanah Nasional Berhad and participated by ING Bank, state-owned Guangdong Technology Financial Group (GTFG) and Nan Fung Group.

In early 2016, Ule, through its close cooperation with WeLab, has launched loan services to outlet owners to support their business growth. This Internet finance product complements well with an array of services offered by outlets to rural villagers.

In February 2016, TOM Group and Ule severally invested in German-based peer-to-peer (P2P) insurance platform Friendsurance. By investing in Friendsurance, Ule is able to further expand its offerings from Internet finance services to social insurance.

Deepened cooperation with Rubikloud on Big Data Analytics

In early 2015, TOM Group and Ule severally invested in Rubikloud, a Canadian-based big data analytics company specialising in retail market intelligence. Rubikloud's real-time advanced data analytics technology generates customised data analysis and valuable market insights for merchants and brand owners to better understand their consumers' behaviour.

Rubikloud has been rapidly expanding its technology footprint in automated analytics and machine learning, and has already deployed its technology on the Ule platform. Going forward, Rubikloud will expand its team and build up the services in China.

Sustainable landing platform for overseas novelty technology and applications

In view of the growing market for mobile services in China, the **Mobile Internet Group** rationalised its business portfolio and exited from outdated businesses. The business migration has resulted in a 57% decrease in revenue year-on-year to HK$38 million during the review period. Segment loss amounted to HK$27 million, as compared to HK$17 million in the previous period.

According to the Annual Internet Development Report by China Internet Network Information Center, mobile Internet users in China exceeded 600 million in 2015. Going forward, the Mobile Internet Group will continue to deepen its cooperation with business partners and pivot to become a technology landing platform for foreign applications and services. Meanwhile, it will also support high growth initiatives which create synergies among the Group's existing businesses and investments.

Rationalise resources to increase operating efficiency for traditional media businesses

The sluggish economy has adversely impacted advertisers' spending. With the rapid growth of digital media, traditional media business is operated under a competitive and shrinking market environment. During the review period, TOM Group focused on rationalising business operations, enhancing operating efficiency and accelerating its investments in digital media.

During the year, the **Publishing Group**'s revenue decreased 5% year-on-year to HK$911 million. The increase in digital channels and the growing demand for content online have impacted our traditional book and magazine sales. During the year, revenue from traditional publishing business fell 7% year-on-year, partly offset by the rapid growth in revenue from digital publishing business.

The Publishing Group demonstrated resilience in the face of difficult operating environment. During the year, segment profit increased 7% to HK$65 million as the Publishing Group focused its resources to grow profitable businesses as well as to improve operating efficiency.

Our digital publishing business continues to record encouraging growth during the review period. The Publishing Group's digital revenue grew 11% year-on-year, and accounted for 13% of the overall publishing revenue, as compared to 11% a year earlier. Digital magazine circulation surged 10% to over 500,000 copies as more readers subscribed to our titles on various online and mobile platforms. Social media portal Pixnet achieved Taiwan's number 1 website position during the review period and recorded a 61% year-on-year growth in advertising revenue riding on its huge user base and effective marketing.

POPO, a digital publishing platform for original Chinese literature, reported a 47% increase in revenue during the review period, mainly contributed by the surge in book sales. The platform achieved breakeven on earnings before interest, tax, depreciation and amortisation (EBITDA) level since its launch.

In 2016, the Publishing Group will further deepen its ties with third-party e-commerce platforms and online book stores, as well as to strengthen self-operated online sales channel to reach more readers. Leveraging on its competitive advantages of large subscriber base, huge content pool and market leadership position, the Publishing Group will further accelerate its digital initiatives to meet readers' demand and drive revenue growth.

The **Outdoor Media Group** (OMG) continued to operate under a tough advertising and regulatory environment during the review period and focused on consolidating its media asset portfolio including the disposal of non-performing business units and media assets. Total available media assets reduced 33% to about 72,000 square metres by the end of 2015. As a result, OMG reported revenue of HK$152 million, a 34% decrease as compared to a year earlier. Segment loss was HK$30 million.

LED digital panels emerged as a growing trend in the outdoor media market. During the past two years, occupancy rate of OMG's LED assets stands at over 60%. With media asset network across the nation and marketing expertise, it will continue to provide tailored and creative marketing solutions to its clients.

According to Nielsen Media, China's TV advertising spending dropped 4% year-on-year in the first half of 2015. The advertising market downturn impeded the performance of the **Television and Entertainment Group**. During the year, it reported a 32% year-on-year decrease in revenue to HK$156 million. As a result of ongoing efforts in improving operational efficiency, segment loss narrowed to HK$30 million, versus HK$36 million a year earlier.

CETV is one of the first foreign satellite television channels to be granted landing rights via cable systems into Guangdong Province. Its unique licence also allows the channel to broadcast to three-star or above hotels across the nation. As a landing platform for foreign content to reach China market, CETV will continue to strengthen its partnership and cooperation with overseas production companies to expand revenue streams.

Meanwhile, Yangcheng, the advertising and PR business of the Television and Entertainment Group, continued to be a preferred marketing expert of multinational brands providing design services and execution of various innovative and effective marketing solutions to well-known brands such as Mentholatum and Adidas in 2015.

FINANCIAL REVIEW

TOM Group reports its results in five business segments namely E-Commerce Group, Mobile Internet Group, Publishing Group, Outdoor Media Group, Television and Entertainment Group.

Consolidated Revenue

The Group's consolidated revenue for the year ended 31 December 2015 amounted to HK$1,268 million, a 16% decrease from last year, following reconfiguring resources to strategically invest in the technology-centric businesses by the Group. The Group's revenue for the year has also been adversely affected by the weak advertising market sentiment of Mainland China and Taiwan.

Segmental Results

The segmental profit/loss refers to profit/loss before finance costs and taxation, material disposal gain/loss and share of results of investments accounted for using the equity method.

The Group continued to focus on its investment in the fast-growing e-commerce business in Mainland China through its Ule associate, which results were equity accounted for by the Group.

The Mobile Internet Group reported gross revenue of HK$38 million as a result of resources allocation on streamlined and focused operations. Segment loss was HK$27 million, compared to HK$17 million last year, which included a one-time write back of net trade payables of HK$41 million upon termination of a joint venture.

The Publishing Group maintained its market leader position in Taiwan with reported gross revenue of HK$911 million and segment profit increased 7% to HK$65 million despite the challenging operating environment of traditional publishing business.

The Outdoor Media Group reported gross revenue of HK$152 million and segment loss of HK$30 million, as compared to HK$22 million last year, as a result of weak outdoor advertising market and reduced media assets portfolio during the reporting period.

The Television and Entertainment Group reported gross revenue of HK$156 million. Segment loss narrowed by 17% to HK$30 million, due to improved operating efficiency and efficient use of resources.

Share of Results of Investments Accounted for Using the Equity Method

The share of results largely represented the Group's share of results of Ule under the E-Commerce Group, which continued to invest during the reporting period with focus in the development of rural e-commerce.

Loss before Net Finance Costs and Taxation

The Group's loss before net finance costs and taxation for the year amounted to HK$143 million, compared to last year's HK$5 million (which included a higher disposal gain). Excluding the gain on disposal of long-term investments totalling HK$56 million (2014: HK$188 million) and a recovery of a receivable previously written off of HK$10 million (2014: Nil), the loss before net finance costs and taxation was HK$210 million, compared to HK$194 million in 2014.

The gain on disposal of long-term investments totalling HK$56 million for the year represented disposal of the entire interests in an associated company and an available-for-sale financial asset under the Publishing Group in Mainland China. Last year's amount related to gain on disposal of interests in investments accounted for using the equity method under the E-Commerce Group.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company, including disposal gains and share of results of associated companies, was HK$214 million, compared to HK$85 million in 2014.

Liquidity and Financial Resources

As at 31 December 2015, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK$467 million.

In December 2015, the Company had entered into amendment and restatement deeds to amend certain terms of the existing facility agreements and new facility agreements with several independent financial institutions for providing an aggregate principal amount of HK$3,200 million term and revolving loan facilities for a period of three years to refinance the existing indebtedness and finance the working capital requirements of the Group.

In December 2015, a subsidiary in Taiwan entered into a facility agreement with an independent financial institution for providing a principal amount of NT$100 million (approximately HK$24 million) term loan facility for a period of three years to refinance the existing indebtedness of the Group.

A total of HK$3,530 million financing facilities were available, of which HK$2,570 million had been utilised as at 31 December 2015, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$2,570 million as at 31 December 2015, of which HK$2,355 million and HK$215 million equivalent is denominated in Hong Kong dollar and New Taiwan dollar respectively. This included long-term bank loans of approximately HK$2,471 million (including portion repayable within one year), and short-term bank loans of approximately HK$99 million. All bank loans bore floating interest rates. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 91% as at 31 December 2015, compared to 82% as at 31 December 2014.

As at 31 December 2015, the Group had net current assets of approximately HK$399 million, compared to balance of approximately HK$418 million as at 31 December 2014. As at 31 December 2015, the current ratio (Current assets/Current liabilities) of TOM Group was 1.50, higher than 1.45 as at 31 December 2014.

In 2015, net cash used in operating activities after interest and taxation paid reduced by 71% to HK$32 million. Net cash outflow used in investing activities was HK$102 million, mainly included capital expenditures of HK$120 million and a share subscription in an available-for-sale investment of HK$16 million; partially offset by proceeds on disposal of certain long-term investments of HK$26 million and dividend received of HK$5 million. During the year, net cash inflow from financing activities amounted to HK$85 million, mainly included drawdown of bank loans, net of repayment, of HK$110 million, partially offset by payment of loan arrangement fee of HK$12 million and dividends paid to non-controlling interests of subsidiaries of HK$9 million.

Charges on Group Assets

As at 31 December 2015, the Group had restricted cash amounting to HK$8 million, being bank deposits mainly pledged in favour of certain publishing distributors and banks in Taiwan as retainer fee for potential sales return and security for credit card and advance receipt respectively, and the courts for legal proceedings in Mainland China.

Contingent Liabilities

As at 31 December 2015, the Group had no significant contingent liabilities.

Subsequent Events

In January 2016, the Group completed the disposal of its entire equity interest in an entity engaging in outdoor media business at consideration of approximately RMB3 million.

In February 2016, the Group, through its non-wholly owned subsidiary, completed a share subscription of Euro2 million in Mysafetynet Limited, the investment holding entity of Friendsurance, a German-based peer-to-peer insurance platform, for an approximately 3% equity interests on a fully-diluted basis.

Except for the above, there is no subsequent event which has material impact to the consolidated financial statements of the Group.

Foreign Exchange Exposure

The Group's operations principally locate in Mainland China and Taiwan, with transactions and related working capital denominated in Renminbi and New Taiwan dollar respectively. In general, it is the Group's policy for each operating entity to borrow in their local currencies, where necessary, to minimise currency risk. Overall, the Group is not exposed to significant foreign exchange risk; however, the Group will monitor this risk on an ongoing basis.

Employee Information

As at 31 December 2015, TOM Group had approximately 1,690 full-time employees. Employee costs, excluding Directors' emoluments, totalled HK$416 million for the year. All of the TOM Group companies are equal opportunity employers, with the selection and promotion of individuals being based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of TOM Group's salary and bonus system, which is reviewed annually. A wide range of benefits including medical coverage and provident funds are also provided to employees. In addition, training and development programmes are provided on an ongoing basis throughout TOM Group. Social, sporting and recreational activities were arranged during the year for the employees on a Group-wide basis.

Disclaimer:
Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as profit/(loss) before net finance costs and taxation including share of results of investments accounted for using the equity method and segment profit/(loss) excluding gain on disposal of long-term investments and recovery of a receivable previously written off, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported certain non-GAAP results to investors, it is considered the inclusion of non-GAAP measures provides consistency in the Group's financial reporting.

AUDITED CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	2	1,267,509	1,511,033
Cost of sales	6	(818,075)	(1,006,976)
Selling and marketing expenses	6	(179,591)	(225,516)
Administrative expenses	6	(138,967)	(154,185)
Other operating expenses	6	(213,889)	(230,512)
Other (losses)/gains, net	6	(2,067)	2,643
		(85,080)	(103,513)
Gain on disposal of long-term investments	3	56,460	188,198
Recovery of a receivable previously written off	4	10,308	-
		(18,312)	84,685
Share of profits less losses of investments accounted for using the equity method	5	(124,835)	(90,038)
Loss before net finance costs and taxation		(143,147)	(5,353)
Finance income	7	6,117	9,120
Finance costs	7	(72,574)	(72,499)
Finance costs, net	7	(66,457)	(63,379)
Loss before taxation		(209,604)	(68,732)
Taxation	8	(17,680)	(8,733)
Loss for the year		(227,284)	(77,465)
Attributable to:			
- Non-controlling interests		(12,810)	7,414
- Equity holders of the Company		(214,474)	(84,879)
Loss per share attributable to equity holders of the Company during the year			
Basic and diluted	10	HK (5.51) cents	HK (2.18) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 HK$'000	2014 HK$'000
Loss for the year	(227,284)	(77,465)
Item that will not be reclassified subsequently to income statement:		
Remeasurement of defined benefit plans	(2,499)	1,938
Items that may be subsequently reclassified to income statement:		
Gain previously in exchange reserve related to an associated company disposed during the year recognised in income statement	(13,514)	-
Revaluation surplus on an available-for-sale financial asset	-	3,005
Exchange translation differences	(39,869)	(20,699)
	(53,383)	(17,694)
Other comprehensive expense for the year, net of tax	(55,882)	(15,756)
Total comprehensive expense for the year	(283,166)	(93,221)
Total comprehensive expense for the year attributable to:		
- Non-controlling interests	(23,441)	(2,395)
- Equity holders of the Company	(259,725)	(90,826)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		97,465	122,337
Goodwill		641,612	644,778
Other intangible assets		75,087	81,129
Investments accounted for using the equity method	5	1,372,311	1,520,101
Available-for-sale financial assets		66,480	58,149
Advance to an investee company		2,191	2,183
Deferred tax assets		35,678	35,811
Other non-current assets		14,717	8,246
		2,305,541	2,472,734
Current assets			
Inventories		106,316	110,456
Trade and other receivables	11	620,605	689,638
Restricted cash		7,669	3,680
Cash and cash equivalents		466,728	535,505
		1,201,318	1,339,279
Current liabilities			
Trade and other payables	12	619,415	731,338
Taxation payable		33,310	35,446
Long-term bank loans - current portion		51,133	26,219
Short-term bank loans		98,884	127,816
		802,742	920,819
Net current assets		398,576	418,460
Total assets less current liabilities		2,704,117	2,891,194
Non-current liabilities			
Deferred tax liabilities		8,318	8,602
Non-current portion of long-term bank loans		2,420,293	2,316,681
Pension obligations		34,843	34,910
		2,463,454	2,360,193
Net assets		240,663	531,001
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		389,328	389,328
Deficits		(530,753)	(157,618)
Own shares held		(6,244)	(6,244)
		(147,669)	225,466
Non-controlling interests		388,332	305,535
Total equity		240,663	531,001

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Group											
	Attributable to equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds/ (deficits) HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2015	389,328	(6,244)	3,625,981	(11,186)	776	152,423	11,017	780,237	(4,716,866)	225,466	305,535	531,001
Comprehensive income:												
Loss for the year	-	-	-	-	-	-	-	-	(214,474)	(214,474)	(12,810)	(227,284)
Other comprehensive income:												
Remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	(2,078)	(2,078)	(421)	(2,499)
Gain previously in exchange reserve related to an associated company disposed during the year recognised in income statement	-	-	-	-	-	-	-	(13,514)	-	(13,514)	-	(13,514)
Exchange translation differences	-	-	-	-	-	-	-	(29,659)	-	(29,659)	(10,210)	(39,869)
Total comprehensive expense for the year ended 31 December 2015	-	-	-	-	-	-	-	(43,173)	(216,552)	(259,725)	(23,441)	(283,166)
Transactions with equity holders:												
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,686)	(8,686)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,897	1,897
Acquisition of additional interests in a subsidiary	-	-	-	9	-	-	-	-	-	9	(392)	(383)
Dilution of non-controlling interests upon capital injection in a subsidiary	-	-	-	(113,419)	-	-	-	-	-	(113,419)	113,419	-
Transfer to general reserve	-	-	-	-	-	3,351	-	-	(3,351)	-	-	-
Transactions with equity holders	-	-	-	(113,410)	-	3,351	-	-	(3,351)	(113,410)	106,238	(7,172)
Balance at 31 December 2015	389,328	(6,244)	3,625,981	(124,596)	776	155,774	11,017	737,064	(4,936,769)	(147,669)	388,332	240,663

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

	Group											
	Attributable to equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2014	389,328	(6,244)	3,625,981	(11,186)	776	150,542	8,012	790,965	(4,631,882)	316,292	311,025	627,317
Comprehensive income:												
Loss for the year	-	-	-	-	-	-	-	-	(84,879)	(84,879)	7,414	(77,465)
Other comprehensive income:												
Revaluation surplus on an available-for-sale financial asset	-	-	-	-	-	-	3,005	-	-	3,005	-	3,005
Remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	1,776	1,776	162	1,938
Exchange translation differences	-	-	-	-	-	-	-	(10,728)	-	(10,728)	(9,971)	(20,699)
Total comprehensive income/(expense) for the year ended 31 December 2014	-	-	-	-	-	-	3,005	(10,728)	(83,103)	(90,826)	(2,395)	(93,221)
Transactions with equity holders:												
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,992)	(4,992)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,897	1,897
Transfer to general reserve	-	-	-	-	-	1,881	-	-	(1,881)	-	-	-
Transactions with equity holders	-	-	-	-	-	1,881	-	-	(1,881)	-	(3,095)	(3,095)
Balance at 31 December 2014	389,328	(6,244)	3,625,981	(11,186)	776	152,423	11,017	780,237	(4,716,866)	225,466	305,535	531,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The financial information has been extracted from the Group's audited consolidated financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The consolidated financial statements have been prepared under the historical cost convention except that available-for-sale financial assets are stated at fair value, unless fair value cannot be reliably measured.

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

In the current year, the Group has adopted all the amendments to standards issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2015.

The adoption of these amendments to standards does not have a material impact on the Group's accounting policies.

2 Turnover, revenue and segment information

The Group has five reportable operating segments:

- E-Commerce Group - provision of services to users using the mobile and Internet-based marketplace and provision of technical services for e-commerce operations.

- Mobile Internet Group - provision of mobile Internet services, online advertising and commercial enterprise solutions.

- Publishing Group - magazine and book circulation, sales of publication advertising and other related products.

- Outdoor Media Group - advertising sales of outdoor media assets and provision of outdoor media services.

- Television and Entertainment Group - advertising sales in relation to satellite television channel operations, production of broadcasting programmes and provision of media sales, event production and marketing services.

Sales between segments are carried out at arm's length.

2 Turnover, revenue and segment information (Continued)

The segment results for the year ended 31 December 2015 are as follows:

	Year ended 31 December 2015					
	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Gross segment revenue	9,537	38,477	911,372	152,375	156,013	1,267,774
Inter-segment revenue	-	-	-	-	(265)	(265)
Net revenue from external customers	9,537	38,477	911,372	152,375	155,748	1,267,509
Segment profit/(loss) before amortisation and depreciation	2,859	(23,175)	175,894	(9,164)	(24,256)	122,158
Amortisation and depreciation	-	(4,119)	(110,899)	(21,093)	(5,406)	(141,517)
Segment profit/(loss)	2,859	(27,294)	64,995	(30,257)	(29,662)	(19,359)
Other material items:						
Gain on disposal of long-term investments	-	-	56,460	-	-	56,460
Recovery of a receivable previously written off	-	-	-	10,308	-	10,308
Share of profits less losses of investments accounted for using the equity method	(124,642)	629	(822)	-	-	(124,835)
	(124,642)	629	55,638	10,308	-	(58,067)
Finance costs:						
Finance income (note a)	5	4,609	7,879	957	86	13,536
Finance expenses (note a)	-	-	(4,237)	-	(20,426)	(24,663)
	5	4,609	3,642	957	(20,340)	(11,127)
Segment profit/(loss) before taxation	(121,778)	(22,056)	124,275	(18,992)	(50,002)	(88,553)
Unallocated corporate expenses						(121,051)
Loss before taxation						(209,604)
Expenditure for operating segment non-current assets	-	2,134	104,811	5,156	1,595	113,696
Unallocated expenditure for non-current assets						6,242
Total expenditure for non-current assets						119,938

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK$7,433,000 and HK$18,529,000 were included in the finance income and finance expenses respectively.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2015 are as follows:

	As at 31 December 2015					
	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	107,142	450,190	1,146,335	254,064	126,923	2,084,654
Investments accounted for using the equity method	1,363,776	3,994	4,541	-	-	1,372,311
Unallocated assets						49,894
Total assets						3,506,859
Segment liabilities	25,754	80,379	330,388	84,314	33,455	554,290
Unallocated liabilities:						
Corporate liabilities						99,968
Current taxation						33,310
Deferred taxation						8,318
Borrowings						2,570,310
Total liabilities						3,266,196

2 Turnover, revenue and segment information (Continued)

The segment results for the year ended 31 December 2014 are as follows:

	Year ended 31 December 2014					
	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Gross segment revenue	3,366	89,264	958,802	229,712	230,308	1,511,452
Inter-segment revenue	-	-	-	-	(419)	(419)
Net revenue from external customers	3,366	89,264	958,802	229,712	229,889	1,511,033
Segment profit/(loss) before amortisation and depreciation	(6,889)	(8,483)	177,990	10	(25,279)	137,349
Amortisation and depreciation	(95)	(8,231)	(117,090)	(22,202)	(10,544)	(158,162)
Segment profit/(loss)	(6,984)	(16,714)	60,900	(22,192)	(35,823)	(20,813)
Other material non-cash items:						
Gain on disposal of long-term investments	188,198	-	-	-	-	188,198
Share of profits less losses of investments accounted for using the equity method	(71,983)	(215)	(17,840)	-	-	(90,038)
	116,215	(215)	(17,840)	-	-	98,160
Finance costs:						
Finance income (note a)	66	6,974	17,589	1,136	67	25,832
Finance expenses (note a)	-	-	(10,945)	-	(13,732)	(24,677)
	66	6,974	6,644	1,136	(13,665)	1,155
Segment profit/(loss) before taxation	109,297	(9,955)	49,704	(21,056)	(49,488)	78,502
Unallocated corporate expenses						(147,234)
Loss before taxation						(68,732)
Expenditure for operating segment non-current assets	-	2,534	108,860	22,709	7,722	141,825
Unallocated expenditure for non-current assets						14
Total expenditure for non-current assets						141,839

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK$17,030,000 and HK$14,555,000 were included in the finance income and finance expenses respectively.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2014 are as follows:

	As at 31 December 2014					
	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	111,047	500,183	1,185,292	299,588	142,409	2,238,519
Investments accounted for using the equity method	1,496,192	4,346	19,563	-	-	1,520,101
Unallocated assets						53,393
Total assets						3,812,013
Segment liabilities	29,866	105,731	362,483	104,643	42,616	645,339
Unallocated liabilities:						
Corporate liabilities						120,909
Current taxation						35,446
Deferred taxation						8,602
Borrowings						2,470,716
Total liabilities						3,281,012

The unallocated assets represent the corporate assets. The unallocated liabilities represent the corporate liabilities in addition to operating segment taxation payable, deferred tax liabilities and borrowings which are managed on a central basis.

3 Gain on disposal of long-term investments

	2015 HK$'000 Note (a)	2014 HK$'000 Note (b)
Gain on disposal of investments accounted for using the equity method	50,147	188,198
Gain on disposal of an available-for-sale financial asset	6,313	-
	56,460	188,198

Notes:

(a) In May 2015, a subsidiary of the Publishing Group entered into an agreement to dispose its entire interests in China Popular Computer Week Management Company Limited ("PCW"), an associated company, and Chongqing Zhongkepu Media Development Joint Stock Company Limited ("ZKP"), an available-for-sale financial asset, at consideration of approximately RMB14,354,000 (approximately HK$17,943,000) and approximately RMB6,451,000 (approximately HK$8,063,000) respectively, totalling approximately RMB20,805,000 (approximately HK$26,006,000). Upon the disposal of equity interests in PCW and ZKP, a consideration payable of RMB30,000,000 (approximately HK$37,500,000) was written back. As a result, gains on disposal of PCW amounting to approximately HK$50,147,000 (includes the write-back of consideration payable) and of ZKP of approximately HK$6,313,000 are recognised in the consolidated income statement.

(b) In January 2014, a joint venture, held as to 49% by a non-wholly owned subsidiary of the Group, signed a shareholders' agreement and a subscription agreement with several investors. Pursuant to the subscription agreement, the joint venture agreed to allot and issue and the investors agreed on a several basis to subscribe for certain Series A Preferred Shares representing 13.25% of the total share capital of the joint venture on a fully diluted basis at the aggregate investors' subscription price of US$110 million. Following completion of the investors' subscription, the former joint venture became an associated company of the Group, held as to 42.51% by a non-wholly owned subsidiary of the Group, 44.24% by the joint venture partner and 13.25% by investors on a fully diluted basis. The Group recognised a dilution gain of HK$174,995,000 in the consolidated income statement for the year on this disposal. Net gain attributable to equity holders of the Company amounted to HK$157,499,000.

In November 2014, the associated company as mentioned above agreed to allot and issue and investors agreed on a several basis to subscribe for certain Series A Preferred Shares representing 1.19% of the total share capital of the associated company on a fully diluted basis at the aggregate investors' subscription price of US$10 million. Following completion of the investors' subscription, the shareholding of the associated company held by the non-wholly owned subsidiary of the Group decreased from 42.51% to 42.00% on a fully diluted basis. The Group recognised a dilution gain of HK$13,203,000 in the consolidated income statement for the year on this disposal. Net gain attributable to equity holders of the Company amounted to HK$11,883,000.

4 Recovery of a receivable previously written off

In December 2015, a subsidiary of the Outdoor Media Group ("Subsidiary") entered into an agreement with a former subsidiary of the Group (deconsolidated in 2013 and hereinafter referred as the "Entity") and another shareholder of the Entity to recover a previously written-off receivable. Pursuant to the agreement, the Entity agreed to repay an outstanding amount due to the Subsidiary amounting to RMB9,190,000 (approximately HK$11,028,000). Accordingly, a gain on recovery of such receivable previously written off of approximately HK$10,308,000 is recognised in the consolidated income statement.

Pursuant to the agreement, the Subsidiary also agreed to dispose its entire equity interest in the Entity to another shareholder at a consideration of RMB3,060,000 (approximately HK$3,611,000). The disposal of the entire interest in the Entity was completed in January 2016. Accordingly, a gain on disposal of the former subsidiary of approximately HK$3 million will be recognised in 2016.

5 Investments accounted for using the equity method

The amounts recognised in the statement of financial position are as follows:

	2015 HK$'000	2014 HK$'000
Associated companies	1,372,311	1,520,101

The amounts recognised in the income statement are as follows:

	2015 HK$'000	2014 HK$'000
Associated companies	(124,835)	(85,931)
Joint ventures	-	(4,107)
	(124,835)	(90,038)

6 Loss before net finance costs and taxation

Loss before net finance costs and taxation is stated after charging/crediting the following:

	2015 HK$'000	2014 HK$'000
Charging:		
Depreciation	44,418	52,545
Amortisation of other intangible assets	98,612	106,266
Provision for impairment of an available-for-sale financial asset	3,304	-
Loss on disposal of fixed assets	-	551
Loss on disposal of other intangible assets	-	848
Exchange loss, net	2,224	-
Crediting:		
Dividend income from available-for-sale financial assets	1,176	967
Gain on disposal of fixed assets	1,776	-
Gain on disposal of subsidiaries	509	-
Exchange gain, net	-	3,075

7 Finance costs, net

	2015 HK$'000	2014 HK$'000
Interest and borrowing costs on bank loans	70,677	70,602
Interest on other loans	1,897	1,897
	72,574	72,499
Less: Bank interest income	(6,117)	(9,120)
	66,457	63,379

8 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	2015 HK$'000	2014 HK$'000
Overseas taxation	18,666	17,961
Under/(over)-provision in prior years	132	(8,548)
Deferred taxation	(1,118)	(680)
Taxation charge	17,680	8,733

9 Dividends

No dividends had been paid or declared by the Company during the year (2014: Nil).

10 Loss per share

(a) Basic

The calculation of basic loss per share is based on consolidated loss attributable to equity holders of the Company of HK$214,474,000 (2014: HK$84,879,000) and the weighted average of 3,893,270,558 (2014: 3,893,270,558) ordinary shares in issue during the year.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the year ended 31 December 2015 as the share option scheme of the Company was expired on 22 July 2014 and no renewal of any share option scheme has been made during the year ended 31 December 2015 (2014: Same).

11 Trade and other receivables

	2015 HK$'000	2014 HK$'000
Trade receivables	300,016	340,702
Prepayments, deposits and other receivables	320,589	348,936
	620,605	689,638

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 150 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

As at 31 December 2015 and 2014, the ageing analyses of the Group's trade receivables were as follows:

	2015 HK$'000	2014 HK$'000
Current	90,403	99,419
31-60 days	65,643	78,188
61-90 days	41,788	64,121
Over 90 days	168,263	199,341
	366,097	441,069
Less: Provision for impairment	(66,081)	(100,367)
	300,016	340,702

12 Trade and other payables

	2015 HK$'000	2014 HK$'000
Trade payables	121,424	151,853
Other payables and accruals	497,991	579,485
	619,415	731,338

The carrying values of trade and other payables approximate their fair values.

As at 31 December 2015 and 2014, the ageing analyses of the Group's trade payables were as follows:

	2015 HK$'000	2014 HK$'000
Current	38,203	46,268
31-60 days	17,820	22,660
61-90 days	8,316	11,538
Over 90 days	57,085	71,387
	121,424	151,853

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 2015. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2015, save and except Code Provisions A.5 and E.1.2 of the Corporate Governance Code.

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group, with due regard to the benefits of diversity on the Board, and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for the Directors.

The Chairman of the Board was unable to attend the annual general meeting of the Company held on 13 May 2015 due to other business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Group's code of conduct regarding Directors' securities transactions. In response to specific enquiry made with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the year ended 31 December 2015.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this announcement are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

DEFINITIONS

"Associates"	has the meaning ascribed to it in the Listing Rules
"Board"	means the board of Directors
"CETV"	means China Entertainment Television Broadcast Limited and its subsidiary
"China Post"	means China Post Group Limited, a state-owned enterprise of the PRC, and its subsidiaries (its subsidiary Telpo Philatelic Company Limited is the entity that is the shareholder of Ule)
"CKH"	means Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, whose listing status on the Stock Exchange was replaced by CKHH on 18 March 2015
"CKHH"	means CK Hutchison Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 18 March 2015 (Stock Code: 0001)
"CKPH"	means Cheung Kong Property Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 3 June 2015 (Stock Code: 1113)
"Company" or "TOM"	means TOM Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2383)
"Corporate Governance Code"	means the Code sets out in Appendix 14 to the Listing Rules
"Director(s)"	means the director(s) of the Company
"Friendsurance"	means a German-based peer-to-peer insurance platform with its investment holding entity being an UK incorporated company namely Mysafetynet Limited
"GMV"	means Gross Merchandise Value, the total value of all orders handled or processed through Ule Group's platform which include multiple websites, mobile applications and PC applications, regardless of whether the orders are consummated, goods and services returned or not

"Group" or "TOM Group"	means the Company and its subsidiaries
"HWL"	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares ceased to be listed on the Stock Exchange on 3 June 2015
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"Mainland" or "PRC"	means The People's Republic of China, excluding Hong Kong, Macau and Taiwan
"Model Code"	means Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Rubikloud"	means Rubikloud Technologies Inc., a corporation incorporated in Canada
"SFO"	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Ule" or "Ule Group"	means Ule Holdings Limited and its subsidiaries
"WeLab"	means WeLab Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability

As at the date hereof, the directors of the Company are:

Executive Directors:	*Non-executive Directors:*	*Independent Non-executive Directors:*
Mr. Yeung Kwok Mung	*Mr. Frank Sixt (Chairman)*	*Mr. Henry Cheong*
Ms. Angela Mak	*Ms. Debbie Chang*	*Mr. James Sha*
	Mr. Edmond Ip	*Mr. Albert Ip*
	Mrs. Angelina Lee	
		Alternate Director:
		Mrs. Susan Chow
		(Alternate to Mr. Frank Sixt)