TOM Group Limited

Incorporated in the Cayman Islands with Limited Liability
(Stock Code:2383)

Annual Report 2015

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Board of Directors
Chairman
Frank John Sixt

Executive Directors
Yeung Kwok Mung
Mak Soek Fun, Angela

Non-executive Directors
Chang Pui Vee, Debbie
Ip Tak Chuen, Edmond
Lee Pui Ling, Angelina

Independent Non-executive Directors
Cheong Ying Chew, Henry
James Sha
Ip Yuk-keung, Albert

Alternate Director
Chow Woo Mo Fong, Susan
(Alternate to Frank John Sixt)

Company Secretary
Mak Soek Fun, Angela

Authorised Representatives
Yeung Kwok Mung
Mak Soek Fun, Angela

Audit Committee
Cheong Ying Chew, Henry
(Committee Chairman)
James Sha
Lee Pui Ling, Angelina
Ip Yuk-keung, Albert

Remuneration Committee
Cheong Ying Chew, Henry
(Committee Chairman)
Frank John Sixt
Ip Yuk-keung, Albert
Chow Woo Mo Fong, Susan
(Alternate to Frank John Sixt)

Auditor
PricewaterhouseCoopers

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Cayman Islands

Branch Share Registrar
Computershare Hong Kong Investor Services Limited
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Hopewell Centre
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Wanchai
Hong Kong

Principal Bankers
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited
DBS Bank Ltd., Hong Kong Branch
Citibank, N.A., Hong Kong Branch
United Overseas Bank Limited

Website Address
www.tomgroup.com

Stock Code
2383

TOM Group Limited (stock code: 2383) is listed on the Main Board of the Stock Exchange of Hong Kong. A Chinese-language media conglomerate in Greater China, TOM Group has diverse business interest in E-Commerce, Mobile Internet, Publishing, Outdoor Media, Television and Entertainment across markets in Mainland China, Taiwan and Hong Kong. Headquartered in Hong Kong, the Group has regional headquarters in Beijing and Taipei with approximately 1,690 employees. TOM Group is a member of CK Hutchison Holdings Limited.

For the year ended 31 December

In HK$ Thousands	**2015**	2014	2013	2012	2011
Results					
Revenue					
E-Commerce	**9,537**	3,366	27,030	7,520	–
Mobile Internet	**38,477**	89,264	287,546	557,276	727,452
Publishing	**911,372**	958,802	1,030,041	1,056,815	1,051,584
Outdoor Media	**152,375**	229,712	365,981	365,267	331,112
Television and Entertainment	**155,748**	229,889	217,133	219,038	216,212
	1,267,509	1,511,033	1,927,731	2,205,916	2,326,360
Loss before net finance costs and taxation	**(143,147)**	(5,353)	(419,283)	(266,067)	(458,578)
Loss attributable to equity holders of the Company	**(214,474)**	(84,879)	(550,073)	(337,187)	(498,270)
Financial Position					
Total assets	**3,506,859**	3,812,013	3,986,234	4,471,862	4,732,054
Total liabilities	**3,266,196**	3,281,012	3,358,917	3,350,227	3,276,280
Total equity	**240,663**	531,001	627,317	1,121,635	1,455,774

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

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, and 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.

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this 2015 Annual Report 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 2015 Annual Report 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 2015 Annual Report; 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.

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.

Frank John Sixt

aged 64, has been a Non-executive Director and the Chairman of the Company since 15 December 1999 and is a member of the Remuneration Committee of the Company. He is also an executive director, group finance director and deputy managing director of CKHH, an executive director of Cheung Kong Infrastructure Holdings Limited ("CKI"), a non-executive director of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, and Power Assets Holdings Limited ("Power Assets"), a director of Hutchison Telecommunications (Australia) Limited ("HTAL") and Husky Energy Inc., and alternate director of HTAL and HK Electric Investments Manager Limited ("HKEIML") as the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited ("HKEIL"). He is also a director of HWL, CKH, Easterhouse Limited ("Easterhouse") and Hutchison International Limited ("HIL"), which are substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Yeung Kwok Mung

aged 51, has been the Chief Executive Officer and an Executive Director of the Company since 26 March 2008. Prior to joining the Company, he was a director and chief executive officer of Horizons Ventures Limited and ChinaCare Investments Holdings Limited respectively, these companies are controlled by Ms. Chau Hoi Shuen and Cranwood Company Limited, the substantial shareholders of the Company within the meaning of Part XV of the SFO. Prior to that, Mr. Yeung worked at Mckinsey & Company, Inc. for over 6 years in Sydney, Melbourne and Hong Kong covering mainly the telecommunications, electronics and e-commerce industry sectors in the area of business strategy, business re-engineering and operational improvements. Mr. Yeung worked for Coca-Cola China Limited as director of Strategy for Coca-Cola Greater China. He also held management positions in business development and sales & marketing at General Electric. He holds a Bachelor of Science degree in Electrical Engineering and a Master of Science degree in Electrical Engineering and Computer Science from Massachusetts Institute of Technology.

Mak Soek Fun, Angela

aged 51, has been an Executive Director of the Company since 16 March 2006 and the Chief Financial Officer of the Company since 1 February 2008. She has also been re-appointed as the Company Secretary of the Company with effect from 28 July 2007. Ms. Mak holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of New South Wales in Australia and has been admitted as a solicitor in New South Wales (Australia), England and Wales and Hong Kong. Prior to joining the Company, she was a senior group legal counsel of HWL.

Chang Pui Vee, Debbie

aged 65, has been a Non-executive Director of the Company since 5 October 1999. She holds a Bachelor of Arts degree from Hunter College, New York City. She has been directing business development in Mainland China for a number of years. She was a member of the People's Consultative Party of Beijing, Eastern City District and had served as a director of Beijing Oriental Plaza Company Limited. She is a director of Cranwood Company Limited, Schumann International Limited and Handel International Limited, which are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Ip Tak Chuen, Edmond

aged 63, has been a Non-executive Director of the Company since 15 October 1999. He is also deputy managing director of CKHH and deputy managing director and member of executive committee of CKPH. In addition, he is an executive director and deputy chairman of CKI, the senior vice president and chief investment officer of CK Life Sciences Int'l., (Holdings) Inc., a non-executive director of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), Real Nutriceutical Group Limited and Shougang Concord International Enterprises Company Limited (all being listed companies). Mr. Ip is also a non-executive director of Hui Xian Asset Management Limited as the manager of Hui Xian Real Estate Investment Trust which is listed in Hong Kong. Mr. Ip was previously a director of ARA Trust Management (Suntec) Limited as the manager of Suntec Real Estate Investment Trust which is listed in Singapore, a non-executive director of ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust which is listed in Hong Kong and Singapore, and a non-executive director of AVIC International Holding (HK) Limited which is listed in Hong Kong. Mr. Ip is also a director of certain companies which are substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

Cheong Ying Chew, Henry

aged 68, has been an Independent Non-executive Director of the Company since 21 January 2000. He is also the Chairman of the Audit Committee and the Chairman of the Remuneration Committee of the Company. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. He is also an independent non-executive director of CKPH, CKI, CNNC International Limited, Greenland Hong Kong Holdings Limited, HTHKH, New World Department Store China Limited and Skyworth Digital Holdings Limited, all being listed in Hong Kong. He is also an independent director of BTS Group Holdings Public Company Limited, a company listed in Thailand, and an executive director and the deputy chairman of Worldsec Limited, a company listed in London. He was previously an independent non-executive director of Creative Energy Solutions Holdings Limited, and also an independent non-executive director of CKH and CKHH, which are substantial shareholders of the Company within the meaning of Part XV of the SFO. He was also previously a member of the Securities and Futures Appeals Tribunal, and member of the Advisory Committee of the Securities and Futures Commission.

Lee Pui Ling, Angelina

aged 67, was appointed as an Independent Non-executive Director of the Company on 28 January 2000. She has been re-designated as a Non-executive Director of the Company with effect from 4 August 2004 and is a member of the Audit Committee of the Company. She is also a non-executive director of CKI and Henderson Land Development Company Limited, and an independent non-executive director of Great Eagle Holdings Limited. She is active in public service and is currently a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Member of the Takeovers and Mergers Panel of the Securities and Futures Commission. She was previously a non-executive director of the Securities and Futures Commission. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales.

James Sha

aged 65, was appointed as a Non-executive Director of the Company on 12 May 2000. He has been re-designated as an Independent Non-executive Director of the Company with effect from 4 August 2004. He is also a member of the Audit Committee of the Company. He has held senior positions with a number of large Internet-related companies. Since November 1999, he has been a managing partner with Spring Creek Ventures, a partnership specialising in early stage venture investment and business consultation with Internet and infrastructure companies. He is currently serving on the board of directors of several start-up companies. His board memberships include Appstream, Armorize, E21, LiveABC, Optoplex and Mediostream. He also served as the chief executive officer for Sina.com. Prior to that, he was the senior vice president, Commerce Solutions, at Netscape Communications. He has also held senior positions with Actra Business Systems, Oracle's UNIX Product Division and the Advanced Systems Division of Wyse Technology. He holds a Master of Science degree in Electronic Engineering and Computer Science from the University of California, Berkeley, a Master of Business degree from Santa Clara University and a Bachelor of Science degree in Electronic Engineering from Taiwan University.

Ip Yuk-keung, Albert

aged 63, has been an Independent Non-executive Director of the Company since 24 June 2013. He is also a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Ip is an executive director and chief executive officer of LHIL Manager Limited (Trustee-manager of Langham Hospitality Investments) and Langham Hospitality Investments Limited (stock code: 1270), a non-executive director of Eagle Asset Management (CP) Limited (manager of Champion Real Estate Investment Trust (stock code: 2778)), an independent non-executive director of AEON Credit Service (Asia) Company Limited (stock code: 900), Hopewell Holdings Limited (stock code: 54), Hopewell Highway Infrastructure Limited (stock code: 737), New World China Land Limited (stock code: 917), Power Assets (stock code: 6) and Lifestyle International Holdings Limited (stock code: 1212).

Mr. Ip is an international banking executive with 33 years of experience in Hong Kong, Asia and United States. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr. Ip was named Managing Director of Citigroup in 2003. He held senior positions such as Corporate Bank Head, Head of Transaction Banking, and Head of Asia Regional Investment Finance of Wealth Management. He was a Managing Director of Investments at Merrill Lynch (Asia Pacific).

Mr. Ip is an Honorary Professor of Business of Lingnan University, a member of International Advisory Board of College of Business, an adjunct professor and an honoree of the Beta Gamma Sigma Chapter at City University of Hong Kong, a member and governor of Technological and Higher Education Institute of Hong Kong, a member of the International Advisory Committee and an adjunct professor at University of Macau, an executive fellow in Asia, an International Delegate, Alumni Board of Governors and a member of International Advisory Council Asia at Washington University in St. Louis, a Research Follow of Singapore Management University's Institute for Financial Economics, a member of School Board Advisory Committee of Victoria Shanghai Academy, an honorary fellow of Vocational Training Council and a member of the Committee on Certification for Principalship of Education Bureau, Hong Kong. Mr. Ip is also a member of Legal Aid Services Council and a Board of Governor of World Green Organization.

Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University.

Chow Woo Mo Fong, Susan

aged 62, has been an Alternate Director to Mr. Frank John Sixt (Chairman) since 5 March 2012 and is an alternate to Mr. Frank Sixt, a member of the Remuneration Committee of the Company. She was a Non-executive Director of the Company up until 5 March 2012. She is the executive director and group deputy managing director of CKHH, an executive director of CKI, a non-executive director of HTHKH, a director of HTAL and an alternate director of CKI, HTAL and HKEIML as the trustee-manager of HKEI and HKEIL. She is also a director of HWL, HIL and Easterhouse, which are substantial shareholders of the Company within the meaning of Part XV of the SFO. She was previously an executive director and an alternate director of Power Assets, an executive director of China Oceanwide Holdings Limited (formerly Hutchison Harbour Ring Limited), HKEIML as the trustee-manager of HKEI, and HKEIL. Mrs. Chow is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Changes in Information of Directors

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2015 Interim Report of the Company are set out below:

Name of Director	Details of the Changes
Ip Yuk-keung, Albert	Appointed as an adjunct professor of University of Macau on 18 September 2015
	Ceased to be adjunct scholar of University of Macau on 18 September 2015
	Ceased to be council member of Lingnan University on 22 October 2015
	Ceased to be court member of Lingnan University on 1 August 2015
	Appointed as an Honorary Professor of Business of Lingnan University on 1 January 2016, replacing the previous appointment as adjunct professor of Lingnan University

The Board has pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 December 2015.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The activities of its principal subsidiaries and associated companies are set out on pages 144 to 150.

An analysis of the Group's performance for the year by operating and geographical segments is set out in the section headed "Management's Discussion and Analysis" on pages 5 to 12 and note 4 to the consolidated financial statements.

Results and appropriations

The results for the year are set out in the consolidated income statement on page 55.

The Board does not recommend the payment of a dividend.

Business review

The business review of the Group for the year ended 31 December 2015 is set out in the sections headed "Management's Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" on pages 5 to 12, pages 33 to 49 and pages 50 to 52 respectively.

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and note 37(b) to the consolidated financial statements respectively.

Fixed assets

Details of the movements in fixed assets of the Group are set out in note 13 to the consolidated financial statements.

Share capital

Details of the movements in share capital of the Company are set out in note 30 to the consolidated financial statements.

Directors

The Directors who held office during the year and up to the date of this report were:

Mr. Frank John Sixt * *(Chairman)*
Mr. Yeung Kwok Mung *(Chief Executive Officer)*
Ms. Mak Soek Fun, Angela
Ms. Chang Pui Vee, Debbie *
Mr. Ip Tak Chuen, Edmond *
Mr. Cheong Ying Chew, Henry #
Mrs. Lee Pui Ling, Angelina *
Mr. James Sha #
Mr. Ip Yuk-keung, Albert #
Mrs. Chow Woo Mo Fong, Susan + *(Alternate Director to Mr. Frank John Sixt)*

* *Non-executive Director*
\# *Independent Non-executive Director*
\+ *Alternate Director*

In accordance with Article 116 of the Company's Articles of Association, Mr. Frank John Sixt, Ms. Mak Soek Fun, Angela and Mr. Ip Yuk-keung, Albert, will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Each of the Non-executive Directors (including the Independent Non-executive Directors) has entered into a letter of service with the Company for a term of 12-month ("Term"). The appointment will be automatically renewed for successive 12-month periods unless terminated by either party in writing prior to the expiry of the Term. All Directors (except Alternate Director) are subject to retirement by rotation at annual general meetings at least once every three years and, being eligible, offer themselves for re-election.

Directors' service contracts

None of the Directors being proposed for re-election at the forthcoming annual general meeting of the Company has entered into any service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Confirmation of independence of Independent Non-executive Directors

The Company has received from each of Mr. Cheong Ying Chew, Henry, Mr. James Sha and Mr. Ip Yuk-keung, Albert an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the Independent Non-executive Directors to be independent.

Directors' profile

The Directors' profile is set out on pages 13 to 16.

Directors' emoluments

Details of the Directors' emoluments are set out in note 38(a) to the consolidated financial statements.

Share option scheme

The share option scheme of the Company expired on 22 July 2014 and no renewal of any share option scheme has been made during the year ended 31 December 2015.

Directors' interests and short positions in shares, underlying shares and debentures

As at 31 December 2015, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company

		Number of shares of the Company					
Name of Directors	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate Percentage of Shareholding
Frank John Sixt	Beneficial owner	492,000	–	–	–	492,000	0.01%
Yeung Kwok Mung	Interest of spouse	–	30,000	–	–	30,000	Below 0.01%
Mak Soek Fun, Angela	Beneficial owner	44,000	–	–	–	44,000	Below 0.01%

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and short positions of substantial shareholders

As at 31 December 2015, the persons or corporations (not being a Director or chief executive) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or had otherwise notified to the Company were as follows:

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
CKHH	Interest of controlled corporations	1,430,120,545 (L) *(Notes 1, 2 & 3)*	36.73%
CKH	Interest of controlled corporations	1,430,120,545 (L) *(Notes 1, 2 & 3)*	36.73%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) *(Note 1)*	12.23%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) *(Note 1)*	12.23%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) *(Note 1)*	12.23%
Romefield Limited	Beneficial owner	476,341,182 (L) *(Note 1)*	12.23%
CK Hutchison Global Investments Limited	Interest of controlled corporations	952,683,363 (L) *(Note 2)*	24.47%
HWL	Interest of controlled corporations	952,683,363 (L) *(Note 2)*	24.47%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) *(Note 2)*	24.47%
Easterhouse Limited	Beneficial owner	952,683,363 (L) *(Note 2)*	24.47%
Chau Hoi Shuen	Interest of controlled corporations	1,003,432,363 (L) *(Notes 4, 5 & 6)*	25.77%

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
Composers International Limited	Interest of controlled corporations	1,003,432,363 (L) *(Notes 4, 5 & 6)*	25.77%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	995,078,363 (L) *(Notes 4 & 6)*	25.55%
Schumann International Limited	Beneficial owner	580,000,000 (L) *(Notes 4 & 6)*	14.90%
Handel International Limited	Beneficial owner	348,000,000 (L) *(Notes 4 & 6)*	8.94%
Lin Tian Maw	Beneficial owner, interest of child under 18 and/or spouse & interest of controlled corporations	526,518,000 (L)	13.52%

(L) denotes a long position

Notes:

(1) Romefield Limited is a wholly-owned subsidiary of Sunnylink Enterprises Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Holdings (China) Limited. Cheung Kong Holdings (China) Limited is a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of CKH. CKH is a wholly-owned subsidiary of CKHH.

By virtue of the SFO, CKHH, CKH, Cheung Kong Investment Company Limited, Cheung Kong Holdings (China) Limited and Sunnylink Enterprises Limited are all deemed to be interested in the 476,341,182 shares of the Company held by Romefield Limited.

(2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of HWL. HWL is a non wholly-owned subsidiary of CK Hutchison Global Investments Limited, which in turn is a wholly-owned subsidiary of CKHH. In addition, subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

By virtue of the SFO, CKHH, CKH, CK Hutchison Global Investments Limited, HWL and Hutchison International Limited are deemed to be interested in the 952,683,363 shares of the Company held by Easterhouse Limited.

(3) A company Casaurina Investments Limited, an Associate of CKH, which in turn is a wholly-owned subsidiary of CKHH, holds 1,096,000 shares of the Company.

By virtue of the SFO, CKHH and CKH are all deemed to be interested in the 1,096,000 shares of the Company held by Casaurina Investments Limited.

(4) Schumann International Limited and Handel International Limited are companies controlled by Cranwood Company Limited ("Cranwood Company Limited (Liberia)", incorporated in Liberia), which in turn is a wholly-owned subsidiary of Composers International Limited. Composers International Limited is wholly owned by Ms. Chau Hoi Shuen.

By virtue of the SFO, Ms. Chau Hoi Shuen, Composers International Limited and Cranwood Company Limited (Liberia) are all deemed to be interested in the 580,000,000 shares of the Company and 348,000,000 held by Schumann International Limited and Handel International Limited respectively. Also, Ms. Chau Hoi Shuen and Composers International Limited are all deemed to be interested in 67,078,363 shares of the Company held by Cranwood Company Limited (Liberia) directly.

(5) A company Cranwood Company Limited ("Cranwood Company Limited (BVI)", incorporated in British Virgin Islands), a wholly-owned subsidiary of Composers International Limited, which in turn is wholly owned by Ms. Chau Hoi Shuen, holds 8,354,000 shares of the Company.

By virtue of the SFO, Ms. Chau Hoi Shuen and Composers International Limited are all deemed to be interested in 8,354,000 shares of the Company held by Cranwood Company Limited (BVI) directly.

(6) Cranwood Company Limited (Liberia), Schumann International Limited, Handel International Limited and Cranwood Company Limited (BVI) have charged 67,078,363, 580,000,000, 348,000,000 and 8,354,000 shares of the Company respectively in favour of CKHH on 21 December 2015.

Save as disclosed above, as at 31 December 2015, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

Connected transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2015 are disclosed in note 35 to the consolidated financial statements. The related party transactions which constitute connected transactions in the context of Listing Rules are summarised below.

(1) Connected transactions

On 1 June 2015, TOM Group International Limited ("**TOM International**") entered into a surrender agreement ("**Surrender Agreement**") with The Center (48) Limited ("**Landlord**", being an Associate of CKH which is a substantial shareholder of the Company), in respect of the surrender of a 3 years lease of the entire 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong ("**Premises**") commencing from 1 April 2013 to 31 March 2016 by TOM International to the Landlord. Details of the abovementioned transaction were disclosed in the announcement of the Company dated 1 June 2015 and major terms are set out below:

Date	:	1 June 2015
Landlord	:	The Center (48) Limited
Tenant	:	TOM International
Premises	:	The entire 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong with gross floor area of approximately 25,563 sq. ft.
Date of surrender	:	On or before 30 June 2015
Reinstatement Cost	:	Pursuant to the terms of Tenancy Agreement, TOM International shall on the date of surrender deliver vacant possession of the Premises to the Landlord in a good, clean and tenantable condition. TOM International shall at its own costs reinstate the Premises or pay the Reinstatement Cost to the Landlord. The Deposit paid under the Tenancy Agreement may be applied towards payment of the Reinstatement Cost and Other Charges (if any) due from TOM International to the Landlord, and any balance thereof shall be refunded to TOM International.

"**Deposit**" means a sum of HK$4,595,316.

"**Other Charges**" means arrears in rent, air-conditioning and management charges, Government rent and rates, and any related charges.

"**Reinstatement Cost**" means a sum of HK$4,563,540.

"**Tenancy Agreement**" means the tenancy agreement dated 26 March 2013 entered into between TOM International and the Landlord in relation to the lease of the Premises for a term of 3 years commencing from 1 April 2013 to 31 March 2016 (both dates inclusive).

The Directors (including the Independent Non-executive Directors) considered that the transaction contemplated under the Surrender Agreement was entered into on normal commercial terms and that the terms of the Surrender Agreement were fair and reasonable and in the interests of the Company and its shareholders as a whole.

(2) Continuing connected transactions

(a) On 28 December 2012, Guangdong Yangcheng Advertising Company Limited ("**Yangcheng Advertising**") entered into an advertising agency agreement with Guangdong Yangcheng Wanbao Advertising Company ("**YCWB**", an Associate of Yangcheng Evening News Economic Development Corporation, which owns 20% of the equity interest in Yangcheng Advertising) for a term of 3 years commencing from 1 January 2013 to 31 December 2015. Pursuant to the aforesaid agreement, YCWB has agreed to extend the appointment of Yangcheng Advertising as its advertising agent in respect of the placing of advertisements in the newspaper known as "羊城晚報" (Yangcheng Evening News) ("**Media Buying Arrangement**"). Under the Media Buying Arrangement, Yangcheng Advertising will collect advertising fees from customers for advertisements placed in Yangcheng Evening News ("**Advertising Payment**") and will then pay over to YCWB Advertising Payment net of agency fees. If the aggregate amount of the Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising will be entitled to a rebate of certain percentage of the aggregate amount of the Advertising Payment to be agreed in separate agreements between the parties.

The annual caps for the Advertising Payment are HK$23,000,000, HK$24,000,000 and HK$25,000,000 for the years 2013, 2014 and 2015 respectively. Please refer to the Company's announcement dated 28 December 2012 for further details. During the year ended 31 December 2015, the Advertising Payment paid or became payable by Yangcheng Advertising to YCWB amounted to HK$13,658,000.

(b) On 26 March 2013, TOM International entered into the Tenancy Agreement with The Center (48) Limited in respect of the 3 years lease of the Premises as mentioned in (1) above. The annual total amount of the rent and management fee payable by TOM International are subject to the annual caps of HK$12,073,000, HK$16,234,000, HK$16,385,000 and HK$4,138,000 for the years 2013, 2014, 2015 and 2016 respectively. Please refer to the Company's announcement dated 26 March 2013 for further details.

On 1 June 2015, TOM International has entered into the Surrender Agreement to surrender the Premises to the Landlord as mentioned in (1) above. During the year ended 31 December 2015, HK$6,735,000 has been paid by TOM International to the Landlord being the rent and management fee payable to a connected person.

(c) In consideration of CKH and HWL (both being substantial shareholders of the Company) granting the guarantees ("**Guarantees**") in respect of the Company's obligations under the term and revolving loan facilities of up to an aggregate principal amount of HK$2,900 million granted by four independent financial institutions ("**Loan Facilities**"), the Company entered into certain guarantee fee agreements dated 16 December 2013 with CKH and HWL respectively. Pursuant to the said guarantee fee agreements, the Company agreed to pay CKH and HWL an aggregate guarantee fee in an amount equivalent to 0.5% per annum of the aggregate principal amount outstanding under the Loan Facilities payable quarterly in advance in proportion to their respective percentage of the Guarantees given in respect of the obligations of the Company under the Loan Facilities, subject to the annual caps of HK$700,000, HK$14,500,000, HK$14,500,000 and HK$14,300,000 for the years 2013, 2014, 2015 and 2016 respectively. Please refer to the Company's announcement dated 16 December 2013 for further details.

On 21 December 2015, the Company entered into four amendment and restatement deeds to amend certain terms of the four facility agreements in relation to the Loan Facilities, including the revision of facility size to HK$2,400 million in aggregate and to terminate the Guarantees ("**Amendment and Restatement Deeds**"). Please refer to the Company's announcement dated 21 December 2015 for further details. During the year ended 31 December 2015, an aggregate sum of HK$11,281,000 as guarantee fee has been paid or became payable by the Company to CKH and HWL.

During the year ended 31 December 2015, the Group has also entered into the following continuing connected transactions as defined under the Listing Rules:

(d) On 20 January 2015, TOM International and Hutchison International Limited ("**HIL**", a wholly-owned subsidiary of HWL, a substantial shareholder of the Company) entered into a services agreement, under which TOM International agreed to provide, and/or to procure other members of the Group to provide the print, publishing, advertising and other services to the HIL and its subsidiaries ("**HIL Group**") at a fee to be calculated with reference to the then market rate for a term commencing from 1 January 2015 and expiring on 31 December 2017, subject to the annual caps of HK$90,000,000, HK$92,000,000 and HK$95,000,000 for the years 2015, 2016 and 2017 respectively. Please refer to the Company's announcement dated 20 January 2015 for further details. During the year ended 31 December 2015, HK$22,024,000 has been paid or became payable by HIL Group to the Group.

(e) In consideration of CKHH (being a substantial shareholder of the Company) granting the guarantees in respect of the Company's obligations under the amended and restated agreements ("**Amended and Restated Agreements**", the four separate existing facility agreements as amended and restated by the four separate Amendment and Restatement Deeds as set out in (2)(c) above) and the new facilities ("**New Facilities**", new facilities of up to an aggregate principal amount of HK$800 million granted by two independent financial institutions), the Company entered into certain guarantee fee agreements with CKHH dated 21 December 2015. Pursuant to the said guarantee fee agreements, the Company agreed to pay an aggregate guarantee fee in an amount equivalent to 0.5% per annum of the aggregate principal amount outstanding under the Amended and Restated Agreements and the New Facilities to CKHH payable quarterly in advance, subject to the annual caps of HK$500,000, HK$16,000,000, HK$16,000,000 and HK$16,000,000 for the years 2015, 2016, 2017 and 2018 respectively. Please refer to the Company's announcement dated 21 December 2015 for further details. During the year ended 31 December 2015, an aggregate amount of HK$148,000 as guarantee fee has been paid or became payable by the Company to CKHH.

During the year ended 31 December 2015, the Group has entered into the following continuing connected transactions as defined under the Listing Rules (with commencement date as of 1 January 2016):

(f) On 21 December 2015, Guangdong Yangcheng Advertising Company Limited ("**Yangcheng Advertising**") entered into an advertising agency agreement with Guangdong Yangcheng Evening News Advertising Company ("**YCWB**", an Associate of Yangcheng Evening News Economic Development Company, which owns 20% of the equity interest in Yangcheng Advertising) for a term of 3 years commencing from 1 January 2016 to 31 December 2018 ("**Advertising Agency Agreement**"). Pursuant to the Advertising Agency Agreement, YCWB agreed to extend the appointment of Yangcheng Advertising as its advertising agent in respect of the placing of advertisements in the newspaper known as "羊城晚報" (Yangcheng Evening News). Under the Advertising Agency Agreement, Yangcheng Advertising will enter into contracts with advertising customers who place advertisements on Yangcheng Evening News, collect Advertising Payment from such advertising customers and then pay YCWB the Net Advertising Payment. If the aggregate amount of the Net Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising will be entitled to a rebate from YCWB, being a certain percentage of the aggregate amount of the Net Advertising Payment to be agreed in separate agreements between the parties based on the then market rate and the historical performance of Yangcheng Advertising.

The annual caps for the Net Advertising Payment are RMB16,400,000, RMB17,200,000 and RMB18,000,000 for the years 2016, 2017 and 2018 respectively. Please refer to the Company's announcement dated 21 December 2015 for further details.

"**Advertising Payment**" means advertising fees collected by Yangcheng Advertising from the advertising customer who advertises on Yangcheng Evening News for the years 2016 through to 2018.

"**Net Advertising Payment**" means Advertising Payment net of agency fees.

The aforesaid continuing connected transactions of the Group ("**Continuing Connected Transactions**") have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the work performed, the auditor of the Company has issued to the Board an unqualified letter with its following conclusions in relation to the Continuing Connected Transactions disclosed by the Group on pages 24 to 27 of the Annual Report: (a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors; (b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company; (c) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) with respect to the aggregate amount of each of the Continuing Connected Transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company. A copy of the auditor's said letter has been provided by the Company to the Stock Exchange.

Contractual Arrangements

During the year ended 31 December 2015, certain business activities of the Group such as advertising services, certain value-added telecommunications services and content production services which were initially/are categorised as restricted foreign investment businesses under the PRC laws and regulations ("**Restricted Businesses**") have been carried out by the Group (and certain of its associated companies) through Contractual Arrangements (as defined below). The Group has entered into a series of contractual agreements ("**Contractual Agreements**") with certain PRC nationals to control the relevant entities incorporated in the PRC ("**PRC Domestic Companies**") that carry out the Restricted Businesses, pursuant to which all economic benefits and risks arising from the business operation of such PRC Domestic Companies are transferred to the relevant subsidiaries of the Company ("**Contractual Arrangements**"). The identities of the principal PRC Domestic Companies that have the Contractual Agreements in place and the key provisions of the principal Contractual Agreements are set out in pages 149 to 150 (inclusive) of the consolidated financial statements.

Significance and financial contribution to the Group

The aggregate revenue and assets attributable to the Group generated through the Contractual Arrangements for 2015 represented about 14% and 13% of the Group's total revenue and total assets respectively.

Risks and mitigation relating to the Contractual Arrangements

Major risks associated with the Contractual Arrangements and measures taken to ensure the sound and effective implementation of the Contractual Arrangements are summarised below:

(i) Although the PRC legal advisors to the Company had expressed the view that the entering of the Contractual Arrangements is not in contravention of the relevant PRC laws and regulations, uncertainties however do exist regarding the interpretation and application of the PRC laws and regulations. If the PRC government determines that the Contractual Arrangements do not comply with the applicable laws and regulations of the PRC or issues further guidelines that impose stricter foreign ownership requirements in certain Restricted Businesses, the Group's relevant Restricted Businesses may be adversely affected. If that happens, the Company will seek other forms of contractual arrangements if then available to carry out the Restricted Businesses;

(ii) Under the option agreement of the Contractual Agreements, the relevant subsidiary of the Company ("**Intermediate Holding Company**") has the sole discretion to require the relevant PRC national to transfer his/her equity interest in the relevant PRC Domestic Company to it at the purchase price as set out in the relevant option agreement such as an amount being equal to the registered capital contributed by the relevant PRC national. The relevant PRC authorities may require the relevant PRC national to pay a substantial amount of individual income tax for the income from the ownership transfer which will be in turn borne by the Group if the purchase price is set below the market value. The exercise of the option to acquire the ownership of the PRC Domestic Companies may therefore be subject to substantial costs;

(iii) The PRC nationals being the shareholders of the PRC Domestic Companies may potentially have a conflict of interest with the Group and they may breach their contracts with the Group. If the Group fails to resolve this internally, it may have to resort to formal dispute resolution proceedings, which may be costly and time-consuming and which outcome is uncertain;

(iv) In the event of breach of any agreements under the Contractual Arrangements, the Group may be unable to enforce the Contractual Arrangements and the relevant Restricted Businesses conducted under the relevant PRC Domestic Companies with the relevant profit, if any, may be negatively affected;

(v) As part of the internal control measures, major issues arising from implementation of the Contractual Arrangements had been and will be reviewed by the management of the Group on a regular basis;

(vi) The relevant business units and operation divisions of the Group reported regularly to the management of the Group on the compliance and performance conditions under the Contractual Arrangements and other related matters; and

(vii) Legal advisors and/or other professionals had been and will continue to be retained to assist the Group to deal with specific issues arising from the Contractual Arrangements.

Despite the above, the Company is of the view that the entering of the Contractual Arrangements is not in contravention of the PRC laws currently in force. The Company will continue to monitor the relevant PRC laws and regulations relevant to the Contractual Arrangements and will take all necessary actions to protect the Company's interest in the PRC Domestic Companies.

Material changes

Save as disclosed in the above, as at the date of the Annual Report, there has not been any material change in the Contractual Arrangements and/or the circumstances under which they were adopted except the removal of restriction on foreign investment in e-commerce operations under the category of online data processing and transaction processing businesses.

Unwinding of Contractual Arrangements

The restriction on foreign investment in e-commerce operations under the category of online data processing and transaction processing businesses was removed as promulgated by the Ministry of Industry and Information Technology of the People's Republic of China in June 2015. Hence, the Group's e-commerce operations are in the process of restructuring so that it will be operated by its associated companies directly rather than through Contractual Arrangements and the unwinding of the relevant Contractual Arrangements will be made after the restructuring is completed. In addition, discussion will from time to time be made with certain business partners on the possibility of abandonment of or unwinding of Contractual Arrangements for certain less active business activities.

Equity-linked agreements

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2015 or subsisted at the end of the year ended 31 December 2015.

Permitted indemnity provision

The Company's Articles of Association provides that every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officer of the Company in defending any proceedings whether civil or criminal, in which judgment is given in his/her favour, or in which he is acquitted.

Directors' interests in transactions, arrangements or contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2015.

Directors' interests in competing business

Mr. Frank John Sixt and Mrs. Chow Woo Mo Fong, Susan, the Non-executive Chairman of the Company and an Alternate Director respectively, are executive directors of CKHH, Cheung Kong Infrastructure Holdings Limited ("**CKI**") and directors of certain of their respective Associates (collectively referred to as "**CKHH Group**" and "**CKI Group**" respectively), and also non-executive directors of Hutchison Telecommunications Hong Kong Holdings Limited ("**HTHKH**") and directors of certain of its Associates (collectively referred to as "**HTHKH Group**"). Mr. Ip Tak Chuen, Edmond, a Non-executive Director, is deputy managing director of CKHH, the senior vice president and chief investment officer of CK Life Sciences Int'l., (Holdings) Inc. ("**CK Life**"), the deputy chairman of CKI. Mrs. Lee Pui Ling, Angelina, a Non-executive Director, is a non-executive director of CKI. CKHH Group is engaged in telecommunications, e-commerce, mobile Internet and information technology services. CKI Group and CK Life are engaged in information technology, e-commerce or new technology where applicable. HTHKH Group operates mobile telecommunications services in Hong Kong and Macau and provides fixed-line telecommunications services in Hong Kong. The Directors believe that there is a risk that such businesses may compete with those of the Group.

Save as disclosed above, none of the Directors or their respective Associates have any interests in a business which competes or may compete with the business of the Group during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

Major customers and suppliers

During the year ended 31 December 2015, the respective percentage of purchases attributable to the Group's five largest suppliers and the sales attributable to the Group's five largest customers, on a combined basis, was less than 30% of the total value of the Group's purchases and sales.

None of the Directors, their Associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's number of issued shares) had an interest in the major suppliers or customers noted above.

Pre-emptive rights

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

Subsequent events

Details of significant events which have been taken place subsequent to the reporting period are set out in the section headed "Management's Discussion and Analysis" on pages 5 to 12 and notes 6 and 36 to the consolidated financial statements.

Purchase, sale or redemption of shares

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.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

Public float

On 30 September 2015, the Board made an announcement regarding the public float of the Company being below the minimum 25% of the total issued share capital of the Company required to be held by the public pursuant to Rule 8.08(1)(a) of the Listing Rules, details of which are as set out in the announcement dated 30 September 2015.

As at the date of this report, based on information available to the Company and within the knowledge of the Directors, the issued share capital of the Company held by the public remains below the minimum public float percentage.

The Company is still in the process of considering steps to restore the public float to 25% so as to be in compliance with the Listing Rules.

By Order of the Board

Frank John Sixt
Chairman

Hong Kong, 10 March 2016

The Group is committed to high standards of corporate governance for the enhancement of shareholders' value and safeguarding interests of shareholders and other stakeholders. The Company believes that good corporate governance practices are in the interest of the Company as they are a reflection of the standard and quality of the management and operations of the Company and they also help sustain the long-term support of shareholders and stakeholders on which the Company's success is dependent upon.

The Group is committed to continuously improve these practices to instill an ethical corporate culture within the Group. The Company closely monitors corporate governance development in Hong Kong and overseas, and in line with this objective, it regularly reviews its corporate governance practices in light of experience and evolving regulatory requirements to ensure that the Company keeps abreast of shareholders' expectations. The principles of corporate governance adopted by the Group emphasise a quality Board, effective risk management, sound internal control, disclosure practices and transparency and accountability.

Corporate Governance Code ("Code")

The Company has complied with all the code provisions of the 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.

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, experience and expertise 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 was unable to attend the annual general meeting 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.

The Board

The Board is accountable to shareholders for the long-term performance of the Company. In that connection, it is responsible for directing the strategic objectives of the Company and overseeing the corporate governance and management of the business.

The Board, led by the Chairman, is responsible for the formulation of Group-wide strategies and policies, including an oversight of the management of the Company ("**Management**"). Management is responsible for the day-to-day operations of the Group under the leadership of the Executive Directors. The Directors are charged with the task of promoting the success of the Group and making decisions in the best interests of the Group.

The Chairman's Statement, Report of the Directors and Management's Discussion and Analysis contain discussions and analyses of the Group's performance, the basis on which the Group generates or preserves value over the longer term and the basis on which the Group will execute its strategy for delivering the Group's objectives.

As at 31 December 2015, the Board comprised 9 Directors, including the Chairman, Chief Executive Officer, Chief Financial Officer, three Non-executive Directors and three Independent Non-executive Directors (but excludes one Alternate Director). At least one of the Independent Non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out in the "Directors' Profile" section on pages 13 to 16 and on the website of the Company (www.tomgroup.com). Independent Non-executive Directors are identified in all corporate communications.

A list of Directors setting out their roles and functions is available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("**HKEx**").

For a Director to be considered independent, the Board must be satisfied that the Director does not have any direct or indirect material relationship with the Group. In determining the independence of Directors, the Board follows the requirements of the Listing Rules. The Board has made an assessment of the independence of all the Independent Non-executive Directors of the Company and considers them to be independent having taken into account (a) an annual confirmation of independence as required under the Listing Rules made by each of the Independent Non-executive Directors, and (b) the absence of involvement in the day-to-day management of the Company or circumstances which would interfere with the exercise of their independent judgement. The Company has fully complied with the Listing Rules requirement that at least one-third of the Board members should be Independent Non-executive Directors.

The position of the Chairman and the Chief Executive Officer are held by separate individuals. The role of the Chairman is separate from that of the Chief Executive Officer. Such division of responsibilities helps to reinforce their independence and accountability.

The Chairman is responsible for providing leadership to, and overseeing the functioning of the Board to ensure that it acts in the best interests of the Group and the Board meetings are planned and conducted effectively. The Chairman is primarily responsible for setting (with the assistance of the Company Secretary) and approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by the Directors and Company Secretary for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly informed of issues arising at Board meetings and are able to receive adequate, sufficient and accurate relevant information in a timely manner. The Chairman promotes a culture of openness and also actively encourages Directors with different views to voice their concerns and to be fully engaged in the Board's affairs and contribute to the Board's functions. To this end, the Chairman holds meetings with the Non-executive Directors at least annually without the Executive Directors present. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders.

The Chief Executive Officer is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal manager of the Group's businesses, the Chief Executive Officer attends to developing strategic operating plans that reflect the longer-term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Group. Working with the Chief Financial Officer and senior management of each business unit, he presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the businesses of the Group. With the assistance of the Chief Financial Officer, the Chief Executive Officer sees to it that the funding requirements of the businesses of the Group are met and closely monitors the operating and financial results of the businesses against plans and budgets, and takes remedial actions if necessary. Moreover, the Chief Executive Officer maintains ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

Non-executive Directors (including Independent Non-executive Directors) are well aware of their functions and have been actively performing their functions including but not limited to bringing an independent judgement at the Board meetings, taking the lead where potential conflicts of interests arise and scrutinising the Company's performance. Non-executive Directors and Independent Non-executive Directors from time to time contributed to the Board their constructive and valuable advice in the development of the Company's strategy, in particular the internal controls of the Company. Non-executive Directors and Independent Non-executive Directors serve as members of Board Committee(s), details of which are set out in the subsections headed "Audit Committee" and "Remuneration Committee" below of this report.

The Board meets regularly, and at least 4 times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, senior management of the Group provides information to Directors on a regular basis, monthly updates and other information with respect to the activities and performances of the businesses of the Group. Throughout the year, Directors participate in the consideration and approval of certain significant operational matter of the Company by way of circulating resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Company Secretary and other executives as and when required. In the event a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than by way of circulating resolutions. Independent non-executive directors who have no material interest in the transaction would be present at such Board meeting. In case of material or notifiable transactions of subsidiaries and associated companies, details of the same will be provided to the Directors as appropriate. Whenever warranted, additional Board meetings will be held. Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

These regular meetings and information, updates together with all other materials that the Directors receive from time to time provide sufficient background information enabling each and every Director to make informed decisions for the best interest of the Company.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association of the Company, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration declares his interest and abstains from voting on the relevant resolution and such Director is not counted for quorum determination purposes.

The Board held 4 regular meetings in 2015 with 94% attendance.

The attendance records of the meetings held in 2015 are set out below:

Name of Director	Board Meetings	General Meeting
Chairman		
Mr. Frank John Sixt	4/4	0/1
Executive Directors		
Mr. Yeung Kwok Mung *(Chief Executive Officer)*	4/4	1/1
Ms. Mak Soek Fun, Angela *(Chief Financial Officer)*	4/4	1/1
Non-executive Directors		
Ms. Chang Pui Vee, Debbie	4/4	0/1
Mr. Ip Tak Chuen, Edmond	3/4	0/1
Mrs. Lee Pui Ling, Angelina	4/4	0/1
Independent Non-executive Directors		
Mr. Cheong Ying Chew, Henry	4/4	1/1
Mr. James Sha	3/4	0/1
Mr. Ip Yuk-keung, Albert	4/4	1/1

In addition to the regular Board meetings, a meeting between the Chairman, Non-executive Directors and Independent Non-executive Directors without the presence of Executive Directors was held once in 2015.

Each of the Non-executive Directors (including the Independent Non-executive Directors) has entered into a letter of service with the Company for a term of 12-month period. The appointment will be automatically renewed for successive 12-month periods unless terminated by either party in writing prior to the expiry of the term. In accordance with the Articles of Association of the Company, all Directors are subject to re-election by shareholders at annual general meetings and at least once every three years on a rotation basis. A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate resolutions. Where vacancies arise at the Board, candidates are proposed and put forward to the Board for consideration and approval, having regard to the objective of appointing to the Board individuals with expertise in the businesses of the Group and leadership qualities so as to complement the capabilities of the existing Directors thereby enabling the Company to retain as well as improve its competitive position. Shareholders may propose a candidate for election as Director in accordance with the Articles of Association of the Company, the procedures of which are available on the website of the Company.

The Company has a Board diversity policy as it recognises the benefits of a diversified Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company maintains that Board appointment should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board. The Board will review and monitor from time to time to ensure its effectiveness that diversity of the Board is maintained.

Training and Commitment

Upon appointment to the Board, Directors receive a package of orientation materials on the Group and are provided with a comprehensive induction to the Group's business by senior executives.

The Company provides to Directors relevant reading material and opportunities to attend training offered by related companies or third party providers to help to ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics counts toward continuous professional development. Directors disclose to the Company their interests as a director and other office in other public companies and organisations in a timely manner together with any subsequent changes thereto.

The individual training record of each current Director who held office during the year ended 31 December 2015 is set out below:

	Areas		
Name of Director	Legal, Regulatory and Corporate Governance	Group's Businesses	Directors' Roles, Functions and Duties
Chairman			
Mr. Frank John Sixt	✓	✓	✓
Executive Directors			
Mr. Yeung Kwok Mung *(Chief Executive Officer)*	✓	✓	✓
Ms. Mak Soek Fun, Angela *(Chief Financial Officer)*	✓	✓	✓
Non-executive Directors			
Ms. Chang Pui Vee, Debbie	✓	✓	✓
Mr. Ip Tak Chuen, Edmond	✓	✓	✓
Mrs. Lee Pui Ling, Angelina	✓	✓	✓
Independent Non-executive Directors			
Mr. Cheong Ying Chew, Henry	✓	✓	✓
Mr. James Sha	✓	✓	✓
Mr. Ip Yuk-keung, Albert	✓	✓	✓

Board Committees

The Board is supported by two permanent Board committees: the Audit Committee and the Remuneration Committee, details of which are described later in this report. The terms of references of these committees are available on websites of the Company and HKEx.

Company Secretary

The Company Secretary, Ms. Angela Mak is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. She ensures timely preparation and dissemination to Directors meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board and Board Committee meetings are sent to Directors or Board Committee members as appropriate for comments, approval and records. The minutes are available for inspection by any Director at any reasonable time and on reasonable notice.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests in securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles of Association of the Company. Whilst the Company Secretary reports to the Board through the Chairman, all members of the Board have access to the advice and service of the Company Secretary. Ms. Angela Mak has been appointed as the Company Secretary of the Company since 2000, and has the day-to-day knowledge of the Company's affairs. In response to specific enquiries made, the Company Secretary confirmed that she has complied with all the proposed qualifications, experience and training requirements of the Listing Rules throughout 2015.

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half year end.

The Directors acknowledge their responsibility for preparing the financial statements and annual report of the Company. With the assistance of the Finance Department which is under the supervision of the Chief Financial Officer, the Directors ensure the financial statements of the Company give a true and fair view and are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group upon which financial statements of the Group could be prepared in accordance with the Group's accounting policies. The Directors consider that in preparing the financial statements, the Group has applied appropriate accounting policies that are consistently adopted and made judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group. The Directors also ensure the publication of the consolidated financial statements of the Group is made in a timely manner. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 53 to 54.

Audit Committee

The Company has established the Audit Committee in January 2000. The Audit Committee currently consists of three Independent Non-executive Directors and one Non-executive Director. The Chairman of the Audit Committee has the appropriate professional qualifications, accounting or related financial management expertise. It is chaired by Mr. Cheong Ying Chew, Henry and the other members include Mr. James Sha, Mrs. Lee Pui Ling, Angelina and Mr. Ip Yuk-keung, Albert.

The principal duties of the Audit Committee include, among other things, oversight of the relationship with external auditor, review of the Group's financial information and monitoring the corporate governance of the Group including compliance with statutory and Listing Rules requirements, reviewing of scope, extent and effectiveness of the activities of the Group's financial reporting system and internal audit function, engages independent legal and other advisors and conducting investigations as it so determines to be necessary.

The Audit Committee held 3 meetings in 2015 with 100% attendance.

The attendance records of the Audit Committee meetings held in 2015 are set out below:

Name of Members	Attended
Mr. Cheong Ying Chew, Henry *(Chairman)*	3/3
Mr. James Sha	3/3
Mrs. Lee Pui Ling, Angelina	3/3
Mr. Ip Yuk-keung, Albert	3/3

During the year, the Audit Committee performed the duties and responsibilities under the terms of reference and other duties as required under the Code.

The Audit Committee meets with the Chief Financial Officer and other senior management and the Company's internal and/or external auditor, where applicable to discuss their respective audit findings, the accounting principles and practices adopted by the Group, legal and regulatory compliance, internal control, risk management and financial reporting matters (including the interim and annual financial statements before recommending them to the Board for approval). In particular, the Audit Committee monitored the integrity of consolidated financial statements of the Group, the annual report and accounts, and interim review report and accounts of the Group, discussed such annual report and audited accounts, interim report and accounts with Management and the external auditor, and considered significant financial reporting and judgements contained therein. In this regard, in reviewing such reports and accounts of the Company before submission to the Board, the Audit Committee focused particularly on:

(a) any changes in financial reporting and accounting policies and practices;

(b) major judgemental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the Listing Rules and any other legal requirements in relation to financial reporting.

The Audit Committee also meets with the Group's internal auditor separately without the presence of Management. The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of risk assessment and internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It reviews with the Group's internal audit the work plan for their audits together with their resource requirements and considers the report submitted by the General Manager of the Group's internal audit function to the Audit Committee on the effectiveness of risk assessment and internal controls in the Group business operations. In addition, it also receives the report from the Head Corporate General Counsel on the Group's material litigation proceedings and compliance status on regulatory requirements. These reviews and reports are taken into consideration by the Audit Committee when it makes its recommendation to the Board for approval of the consolidated financial statements for the year.

External Auditor

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditor confirming their independence and objectivity and holds meeting with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

The Group's policy regarding the engagement of its external auditor, PricewaterhouseCoopers, for the various services is listed below:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditor.

- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, due diligence and accounting advice related to mergers and acquisitions and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that it must or is best placed to undertake in their capacity as auditor.

- Taxation related services – include some tax compliance and tax planning services. All other significant taxation related work is undertaken by other parties as appropriate.

- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

External Auditor's Remuneration

The amount of fees charged by the external auditor of the Company generally depends on the scope and volume of the auditor's work. For the year ended 31 December 2015, the remuneration to the external auditor of the Company were approximately HK$9,119,000 for audit services and HK$40,000 for non-audit services comprising tax services.

Recommendation for Re-appointment of External Auditor

The Board and Audit Committee were satisfied with the external auditor's work, its independence, and its objectivity, and therefore recommended the re-appointment of PricewaterhouseCoopers (which has indicated its willingness to continue in office) as the Group's external auditor for the financial year of 2016 for Shareholders' approval at the 2016 annual general meeting.

Remuneration Committee

The Company has established the Remuneration Committee in March 2000. The Remuneration Committee currently consists of a Non-executive Director and two Independent Non-executive Directors. It is chaired by Mr. Cheong Ying Chew, Henry and the other members include Mr. Frank John Sixt and Mr. Ip Yuk-keung, Albert. Normally, the remuneration packages of Directors and senior management of the Group are approved by the written resolutions signed by all members of the Remuneration Committee at the end of each year. The Remuneration Committee will meet as and when required to consider remuneration related matters of Directors and senior management of the Group. The Remuneration Committee is able to access to independent professional advice, if necessary.

The Remuneration Committee assists the Board in achieving its objectives of attracting, retaining and motivating employees of high calibre and experience needed to shape and execute strategy across the Group's diverse operations. It assists the Group to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and is also responsible for the administration of the share option schemes adopted by the Company, if any. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration packages of individual Executive Directors and certain senior management of the Group is delegated to the Remuneration Committee.

During the year, the Remuneration Committee reviewed background information on market data (including economic indicators and statistics), the Group's business activities and human resources issues, and headcount and staff cost. The Remuneration Committee had reviewed and approved the year-end bonus and 2016 remuneration package of Executive Directors and senior executives of the Group. The Executive Directors do not participate in the determination of their own remuneration.

The remuneration of Directors and senior executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and individual performance.

The Remuneration Committee's written terms of reference are published on the Company's website, and are compliant with the Code Provisions set out in Appendix 14 of the Listing Rules.

The Remuneration Committee had 1 meeting in 2015 with 100% attendance.

The attendance of the Remuneration Committee meeting are set out below:

Name of Members	Attended
Mr. Cheong Ying Chew, Henry *(Chairman)*	1/1
Mr. Frank John Sixt	1/1
Mr. Ip Yuk-keung, Albert	1/1

During the year, the Remuneration Committee performed the duties and responsibilities under the terms of reference and other duties as required under the Code.

Consistent with the principles as set out above, for the year ended 31 December 2015, the remuneration of Directors and senior management was determined with reference to the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Details of Directors' emoluments for the year ended 31 December 2015 are set out in note 38(a) to the consolidated financial statements.

Risk Monitoring, Assessment and Internal Control

Internal control system, being an integral part of the Group's operations, is a process effected by the Board and management team to provide reasonable assurance on the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding Group assets, providing reliable financial reporting, and complying with applicable laws and regulations.

The Board is responsible for making appropriate assertions on the adequacy of risk monitoring, assessment and internal control over financial reporting and the effectiveness of disclosure, controls and procedures. Through the Audit Committee, it regularly reviews the effectiveness of risk monitoring, assessment and internal control within the Group's business operations. Reporting and review activities include review by the Executive Directors and the Board and approval of detailed operational and financial reports, budgets and plans provided by the management of the business operations, review by the Board of actual results against budget, review by the Audit Committee of the ongoing work of the Group's internal audit and risk monitoring, assessment functions, as well as regular business reviews by Executive Directors and the executive management team of each core business division.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses or fraud.

The Board is overall responsible for monitoring the operations of the businesses within the Group. Executive Directors are appointed to the boards of all material operating subsidiaries, joint ventures and associated companies for monitoring those companies, review and approval of business strategies, budgets and plans, and setting of key business performance targets. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies and similarly the management of each business is accountable for its conduct and performance.

The Group's risk monitoring, assessment and internal control procedures include a comprehensive system for reporting information to the executive management teams of each core business and the Executive Directors.

Business plans and budgets are prepared annually by the management of individual businesses and subject to review and approval by both the executive management teams and the Executive Directors. When setting budgets and reforecasts, Management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Directors review monthly management reports on the financial results and key operating statistics of each material businesses. The Chief Financial Officer has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval prior to commitment by the Chief Financial Officer or Directors are required for unbudgeted expenditures and material expenditures within the approved budget. Monthly reports of actual versus budgeted and approved expenditures are also reviewed.

The Group maintains a centralised cash management system for its unlisted subsidiary operations and the Group treasury function, and the Group's cash and liquid investments, borrowings and movements are reported to the Chief Financial Officer on a monthly basis.

The general manager of the Group's internal audit function provides independent assurance as to the existence and effectiveness of the risk monitoring, risk assessment and internal control activities in the Group's business operations in different jurisdictions. Using risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit devises its yearly audit plan which is reviewed by the Audit Committee and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's risk monitoring, assessment and internal control system, formulating an impartial opinion on the system, makes constructive recommendations to the relevant management for necessary actions, follows up on all reports to ensure that all issues have been satisfactorily resolved and reporting its findings to the Audit Committee and the Executive Directors. In addition, internal audit maintains a regular dialogue with the Group's external auditor so that both are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal audit function includes financial/information technology and operations reviews, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

Corporate Governance

The Board is entrusted with the overall responsibility for developing and maintaining sound and effective corporate governance within the Group and is committed to ensuring that an effective governance structure is put in place to continuously review and improve the corporate governance practices within the Group in light of the evolving operating environment and regulatory requirements.

Under its terms of reference, the Audit Committee has been delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. To assist the Audit Committee in fulfilling its responsibilities, a governance working group chaired by the Chief Financial Officer comprising representatives from key departments of the Company was set up to continuously examine the corporate governance structure of the Group, provide updates, identify emerging matters of compliance, structure appropriate compliance mechanisms and monitor compliance fulfillment on an ongoing basis.

Review of Risk Monitoring, Assessment and Internal Control and Corporate Governance Compliance

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's risk monitoring, assessment and internal control for the year ended 31 December 2015 covering all material financial, operational and compliance controls and risk monitoring and assessment functions, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Legal, Regulatory Compliance and Directors and Officers Liability Insurance

The Group's Legal Department has the responsibility of safeguarding the legal interests of the Group. The legal and company secretarial teams who report to the Chief Financial Officer and Company Secretary, are responsible for monitoring the legal affairs of the Group, including preparing, reviewing and approving legal and corporate secretarial documentation of the Group companies, working in conjunction with finance team on the review and co-ordination process. In addition, the legal department is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory framework within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting response to relevant regulatory and/or government consultations. The legal department determines and approves the engagement of external legal advisors, ensuring the requisite professional standard are adhered to as well as most cost effective services are rendered. The legal department also oversees the procedures and internal controls for handling and dissemination of information of the Company. The Corporate Communications & Investor Relations Department with the support of the Group Legal Department has established and implemented procedures for responding to external enquiries about the Group's affairs.

During the year under review, the Company has not made any changes to its Memorandum and Articles of Association ("**M&A**"). An updated copy of the M&A is available on the websites of the Company and HKEx.

Directors and officers liability insurance is in place to protect Directors and officers against potential legal liabilities.

Code of Conduct

The Group places utmost importance on employees' ethical, personal and professional standards. Every employee is provided/have access to the Group's Employee Handbook which contains the Group's Code of Conduct booklet, and all employees are expected to adhere to the highest standards set out in the Code of Conduct including avoiding conflict of interest, discrimination or harassment and bribery etc. The employees are required to report any non-compliance with the Code of Conduct to the Management.

Investor Relations and Shareholders' Rights

The Group promotes investor relations and communications with the investment community when the financial results are announced.

The Board is committed to providing clear and full information of the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. Additional information is also available to shareholders on the website of the Company.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend the annual general meetings for which the Company gives at least 20 clear business days' notice. The Chairman, Directors and external auditor are available to answer questions on the Group's businesses at the meeting.

Shareholders who fulfil the requisite requirements have statutory rights to call for extraordinary general meetings by serving written requisition to the Company and put forward agenda items for consideration by shareholders. Furthermore, shareholders who fulfil the requisite requirements may put forward proposals for consideration at a general meeting of the Company by sending a written request for such proposals in accordance with the relevant statutory requirements. Votes of shareholders at general meetings will be taken by poll and the results of the poll are published on the websites of the Company and HKEx. Financial and other information on the Group is available on the Company's website, which is updated regularly.

The Company values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are welcome and can be addressed to our Investor Relations Manager by mail or by e-mail at ir@tomgroup.com.

The latest shareholders' meeting of the Company was the 2015 annual general meeting which was held on 13 May 2015 at the Grand Ballroom II, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon attended by external auditor and certain Directors including the Chairman of the Remuneration Committee and Chairman of the Audit Committee. The Chairman of the Board was unable to attend that meeting due to other business engagement. Resolutions were proposed at that meeting on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 13 May 2015 are set out below:

ORDINARY RESOLUTIONS		Number of Votes (Approx. %)
		For
1.	To receive and adopt the audited Financial Statements and the Reports of the Directors and the Auditor for the year ended 31 December 2014.	(99.999200%)
2.	(a) To re-elect Ms. Chang Pui Vee, Debbie as a Director.	(99.953882%)
	(b) To re-elect Mr. Ip Tak Chuen, Edmond as a Director.	(99.746878%)
	(c) To re-elect Mr. James Sha as a Director.	(98.677056%)
3.	To re-appoint PricewaterhouseCoopers as Auditor and authorise the Board to fix their remuneration.	(99.999200%)
4.	To grant a general mandate to the Directors to allot, issue and deal with additional shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution.	(99.227378%)
5.	To grant a general mandate to the Directors to repurchase shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution.	(99.999200%)
6.	To extend the general mandate granted to the Directors to allot, issue and deal with additional shares by the amount representing the aggregate nominal amount of the issued share capital of the Company repurchased by the Company.	(99.258168%)

By order of the Board

Angela Mak
Company Secretary

Hong Kong, 10 March 2016

General

The Group is committed to maintaining corporate social responsibility and continues to enhance its operational efficiencies and implement environmental friendly measures with the view to minimising impact of its businesses on the environment.

As a Chinese-language media conglomerate in the Greater China, it has diverse business interests in E-Commerce, Mobile Internet, Publishing, Outdoor Media, Television and Entertainment across markets in Mainland China, Taiwan and Hong Kong. The Group has been working towards achieving long-term sustainable growth of its business while safeguarding stakeholders' interests, and addressing social and environmental concerns.

I. Workplace Quality

The Group recognises that human resources is its valuable asset and takes measures to provide a safe and congenial environment for its staff. The Group also encourages career development and training, and promotes a healthy living style with work-life balance.

Working Conditions

As equal opportunity employer, the Group is committed to providing a work environment that nurtures and encourages talents regardless of race, colour, gender, age, religion or disability. The Group builds a diverse workforce with different talents and skill sets and values the input and contribution by employees of all backgrounds. Our employment policies and practices in areas such as hiring, transfer, recruitment, training, promotion, discipline, rates of pay and benefits, includes measures to encourage all employees and job applicants enjoy equal opportunities and fair treatment. The salary and benefit levels of the Group's employees are reviewed annually on a performance related basis within the general framework of the Group's salary system.

Health and Safety

A wide range of benefits including comprehensive medical, life and disability insurance coverage and retirement schemes are provided to employees. To promote camaraderie and morale amongst staff, social, sporting, recreational, health and staff-caring activities were arranged during the year for the employees on a Group-wide basis.

Development and Training

The Group recognises that technology advances rapidly, thus the Group encourages and provides opportunities for its staff to enhance their knowledge and skills to meet the challenging change in era. An environment of continuous improvement is in place where staffs are encouraged to pursue excellence at work and career development. Training and development programmes, including induction programmes, in-house training course, external course/seminar, are provided on an ongoing basis throughout the Group.

Labour Standards

The Group does not employ child or forced labour. Whilst there is no such incident within the Group, the human resources departments across the Group are tasked to regularly review their practices and to ensure that no child or force labour are employed.

II. Environmental Protection

The Group supports environmental protection. To enhance our operational efficiency and reduce our environmental impact, the Group continues to implement green office practices. Such measures include the using of energy-saving lightings and recycled paper, minimising use of paper, reducing energy consumption by switching off idle lightings, computers and electrical appliances, holding meetings through teleconferencing as an alternative to travelling for attending meetings.

Emissions

None of the Group's operations are in areas of infrastructure or energy production.

Use of Resources

The Group encourages energy saving initiatives across its businesses such as the use of recycled papers and efficient use of energy by switching off unnecessary lightings when offices are not in use. In furtherance of the energy saving initiatives, the Group implements a cut-off of the air conditioning and water supplies at a reasonable time after working hours.

The Group also frequently uses video conferencing facilities in meetings between its business units to reduce the need for airplane travel and the corresponding carbon emissions, whilst maintaining the benefits of "face-to-face" meetings. Energy saving initiatives are in place where staffs of the Group are encouraged to use public transport to and from the offices or homes to the airport with the view to reducing carbon emission and energy saving.

III. Operating Practices

Anti-corruption

The Group is committed to achieving and maintaining openness, uprightness and accountability and all staff are expected to observe ethical, personal and professional conduct. In addition to the Staff Code of Conduct on anti-bribery and anti-corruption, the corporate office in Hong Kong has put in place a whistle-blowing policy and procedure and will over time implement the same to other divisions. The Group also through its internal audit department conducts ongoing review of the effectiveness of the internal control systems across the Group's business units on a scheduled basis.

IV. Community Involvement

The Group strives to improve society through community investment. In 2015, the Group and employees worked closely with their local communities in a variety of initiatives ranging from job creation to educating the next generation.

Community investment

The Company has been named Caring Company by the Hong Kong Council of Social Service in recognition of our continuing commitment to corporate social responsibility for eleven successive years since 2004.

The Group organises regular book donation campaigns to promote reading culture among people from different backgrounds. In 2015, the Group's volunteer team visited a kindergarten and donated various kinds of books to the kindergarten to share the joy of reading with underprivileged children. All participating children were given an environmental book. The Group also educated children about environmental way of life through story telling and planting workshop.

Our Cité Publishing Group has actively participated in community projects in Taiwan by donating funds, books and advertising spaces to charities, hospitals, universities, etc. The Group employs disabled, including blind masseurs to provide staff massage services, and has a policy to ensure all employees and job applicants enjoy equal opportunities and fair treatment.

Cité Culture & Arts Foundation ("**Foundation**") was established in 2006 by Cité Publishing Group to enhance the impact of philanthropy by developing a passion for reading and promoting healthy reading habits in the community, reducing illiteracy in children of need, and giving back to the society.

The Foundation, in co-operation with World Vision and Taiwan Fund for Children and Families, pioneered the launch of a "Coastline Academy for kids" platform in Taiwan since 2010 with a view to reducing illiteracy of needy children in coastal areas. Cité Publishing Group, established Coastline Academy for kids in Jiabin in Jiayi county and Mailiao in Yunlin county, provides some funding, donates books, computers and other equipment as well as staff volunteers reading books regularly every week via audio-visual technology by computer to needy children in the coastal areas.

Apart from making monetary and resource donations, the Foundation lobbies for public participation with a view to raising public awareness and encourages community participation in contribution to the needy. Currently, 9 Coastline Academies for kids have been established in these regions with the co-operation and support from more than 15 organisations in Taiwan from wide-ranging backgrounds, e.g. charitable, religious, educational, business. The Foundation also participates and supports other charitable activities.

In 2015, Cité Publishing Group held the "Healthy Charity Sport Day" to promote the human rights of women & children and donated the event's registration fee to Taipei Women's Rescue Foundation. In addition, Cité Publishing Group also launched the "Save the Bear Tote-bag Charity Sales" program to enhance the awareness of animal protection and fundraising for The Taiwan Black Bear Conversation Association.

羅兵咸永道

Independent Auditor's Report
To the Shareholders of TOM Group Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of TOM Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 55 to 150, which comprise the consolidated and Company statements of financial position as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2016

Consolidated Income Statement

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	4	1,267,509	1,511,033
Cost of sales	7	(818,075)	(1,006,976)
Selling and marketing expenses	7	(179,591)	(225,516)
Administrative expenses	7	(138,967)	(154,185)
Other operating expenses	7	(213,889)	(230,512)
Other (losses)/gains, net	7	(2,067)	2,643
		(85,080)	(103,513)
Gain on disposal of long-term investments	5	56,460	188,198
Recovery of a receivable previously written off	6	10,308	–
		(18,312)	84,685
Share of profits less losses of investments accounted for using the equity method	16	(124,835)	(90,038)
Loss before net finance costs and taxation		(143,147)	(5,353)
Finance income	8	6,117	9,120
Finance costs	8	(72,574)	(72,499)
Finance costs, net	8	(66,457)	(63,379)
Loss before taxation		(209,604)	(68,732)
Taxation	9	(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	11	HK(5.51) cents	HK(2.18) cents

	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)

	Note	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	13	97,465	122,337
Goodwill	14	641,612	644,778
Other intangible assets	15	75,087	81,129
Investments accounted for using the equity method	16	1,372,311	1,520,101
Available-for-sale financial assets	18	66,480	58,149
Advance to an investee company	19	2,191	2,183
Deferred tax assets	29(a)	35,678	35,811
Other non-current assets	20	14,717	8,246
		2,305,541	2,472,734
Current assets			
Inventories	21	106,316	110,456
Trade and other receivables	22	620,605	689,638
Restricted cash	23	7,669	3,680
Cash and cash equivalents	24	466,728	535,505
		1,201,318	1,339,279
Current liabilities			
Trade and other payables	25	619,415	731,338
Taxation payable		33,310	35,446
Long-term bank loans – current portion	27	51,133	26,219
Short-term bank loans	26	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

	Note	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred tax liabilities	29(b)	8,318	8,602
Non-current portion of long-term bank loans	27	2,420,293	2,316,681
Pension obligations	28(a)	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	30	389,328	389,328
Deficits		(530,753)	(157,618)
Own shares held	31	(6,244)	(6,244)
		(147,669)	225,466
Non-controlling interests		388,332	305,535
Total equity		240,663	531,001

Yeung Kwok Mung
Director

Mak Soek Fun, Angela
Director

Consolidated Statement of Changes in Equity
For the year ended 31 December 2015

	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
For the year ended 31 December 2015

	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:												
Remeasurement of defined benefit plans	–	–	–	–	–	–	–	–	1,776	1,776	162	1,938
Revaluation surplus on an available-for-sale financial asset	–	–	–	–	–	–	3,005	–	–	3,005	–	3,005
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

Consolidated Statement of Cash Flows
For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Net cash inflow/(outflow) from operations	32(a)	34,101	(45,056)
Interest paid		(46,622)	(43,383)
Overseas taxation paid		(19,847)	(21,723)
Net cash used in operating activities		(32,368)	(110,162)
Cash flows from investing activities			
Capital expenditure		(119,938)	(141,839)
Acquisition of additional interests in a subsidiary		(383)	–
Proceeds from disposal of fixed assets		2,620	1,527
Disposal of subsidiaries	32(b)	623	–
Disposal of long-term investments	5(a)	26,006	–
Capital investment in an available-for-sale financial asset	18	(15,600)	(31,301)
Dividends received		4,548	3,130
Net cash used in investing activities		(102,124)	(168,483)
Cash flows from financing activities			
New bank loans	32(c)	737,896	771,852
Loan repayments	32(c)	(628,306)	(604,307)
Loan arrangement fee paid		(11,552)	(22,390)
Dividends paid to non-controlling interests		(8,686)	(4,992)
Increase in restricted cash	23	(3,989)	(575)
Net cash from financing activities		85,363	139,588
Decrease in cash and cash equivalents		(49,129)	(139,057)
Cash and cash equivalents at 1 January		535,505	695,179
Exchange adjustment		(19,648)	(20,617)
Cash and cash equivalents at 31 December	24	466,728	535,505

1 Principal accounting policies

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

(a) Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (together the "Group") have been prepared in accordance with all applicable 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 as set out in note 1(f) below, and investments accounted for using the equity method, of which the retained interests are remeasured to the fair value at the date when the Group lost control in the subsidiaries which became investments accounted for using the equity method of the Group, as stated in note 1(c) below.

The preparation of consolidated 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

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 to the Group's results of operations or financial position.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

1 Principal accounting policies (Continued)

(a) Basis of preparation (Continued)

At the date of the authorisation of these financial statements, the following standards and amendments to standards were in issue but not yet effective and have not been early adopted by the Group:

Improvements to HKFRSs [(1)]	Annual Improvements to 2012-2014 Cycle
HKAS 1 (Amendments) [(1)]	Disclosure Initiative
HKAS 7 (Amendments) [(2)]	Disclosure Initiative
HKAS 12 (Amendments) [(2)]	Recognition of Deferred Tax Assets for Unrealised Losses
HKAS 16 and HKAS 38 (Amendments) [(1)]	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments) [(1)]	Agriculture: Bearer Plants
HKAS 27 (Amendments) [(1)]	Equity Method in Separate Financial Statements
HKFRS 9 (2014) [(3)]	Financial Instruments
HKFRS 10 and HKAS 28 (Amendments) [(5)]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments) [(1)]	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments) [(1)]	Accounting for Acquisition of Interests in Joint Operations
HKFRS 15 [(3)]	Revenue from Contracts with Customers
HKFRS 16 [(4)]	Leases

(1) Effective for the Group for annual periods beginning 1 January 2016
(2) Effective for the Group for annual periods beginning 1 January 2017
(3) Effective for the Group for annual periods beginning 1 January 2018
(4) Effective for the Group for annual periods beginning 1 January 2019
(5) The original effective date of 1 January 2016 has been postponed until further announcement by the HKICPA

The Group has already commenced an assessment of the impact of these new standards and amendments to standards, but is not in a position to state whether these new standards and amendments to standards would have a significant impact to its results of operations or financial position.

1 Principal accounting policies (Continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries (including those directly or indirectly held or held through Contractual Arrangements) made up to 31 December and also incorporate the Group's interests in joint ventures and associated companies on the basis set out in notes 1(d) and 1(e) below. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identified net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, carrying value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit and loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

1 Principal accounting policies (Continued)

(b) Consolidation (Continued)

Intra-group transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intra-group transactions that are recognised in assets and liabilities are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment (note 1(i)). Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

PRC laws and regulations limit foreign ownership for enterprises engaging in certain business activities categorised as restricted foreign investment businesses ("Restricted Businesses"). The Group (and certain of its associated companies) operates certain business activities, such as advertising services, certain value-added telecommunications services and content production services which were initially/are classified as Restricted Businesses, by means of setting up domestic companies incorporated in the PRC by certain PRC nationals ("PRC Domestic Companies") through entering into a series of contractual agreements ("Contractual Agreements", the key provisions of the principal Contractual Agreements are set out in pages 149 to 150 (inclusive) of the consolidated financial statements), pursuant to which all economic benefits and risks arising from the business operation of such PRC Domestic Companies are transferred to the relevant subsidiaries of the Company ("Contractual Arrangements"). The Group does not have legal ownership in equity of these PRC Domestic Companies. Nevertheless, under the Contractual Agreements entered into among the relevant subsidiaries of the Company, PRC Domestic Companies and the PRC nationals who are the legal owners of PRC Domestic Companies, the Group is able to effectively control, recognise and receive substantially all the economic benefit of the businesses and operations of PRC Domestic Companies.

In summary, the Contractual Arrangements provide the Group through PRC Domestic Companies with, among other things:

- power to direct the relevant activities of the PRC Domestic Companies unilaterally;
- rights to variable returns from its involvement; and
- ability to use its power to affect its returns.

As a result, the Company regards the PRC Domestic Companies as subsidiaries of the Group under HKFRS. The Group has included the results of operations and financial position of the PRC Domestic Companies in the consolidated financial statements.

1 Principal accounting policies (Continued)

(c) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. The amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations to each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified and intangible assets recognised on acquisition, net of accumulated amortisation of intangible assets other than goodwill and impairment loss, if any. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain and losses on dilution of equity interest in joint ventures are recognised in the income statement.

1 Principal accounting policies (Continued)

(e) Associated companies

Associated companies are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates includes goodwill identified and intangible assets recognised on acquisition, net of accumulated amortisation of intangible assets other than goodwill and impairment losses, if any. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain and losses on dilution of equity interest in associates are recognised in the income statement.

1 Principal accounting policies (Continued)

(f) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "advance to an investee company", "cash and cash equivalents" and "restricted cash" in the consolidated statement of financial position.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains or losses from available-for-sale financial assets.

1 Principal accounting policies (Continued)

(f) Financial assets (Continued)

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity investments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis refined to reflect the issuer's specific circumstances. Investments in equity instruments that do not have a quoted market price in an active market and those fair values cannot be reliably measured, are measured at cost less impairment.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing of trade receivables is described in note 1(l).

(g) Fixed assets

Fixed assets are stated at historical cost less depreciation and any impairment loss. Properties include leasehold land and buildings. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

1 Principal accounting policies (Continued)

(g) Fixed assets (Continued)

Depreciation of fixed assets is provided at rates calculated to write off their costs over their estimated useful lives on a straight-line basis at the following annual rates:

Properties	over the shorter of the unexpired term of land lease or estimated useful lives of 50 years
Leasehold improvements	over the shorter of the lease terms or their useful lives of 5 years
Computer equipment	20%-33$^1/_3$%
Outdoor media assets	10%-20%
Other assets	10%-33$^1/_3$%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/losses, net in the consolidated income statement.

(h) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

1 Principal accounting policies (Continued)

(h) Intangible assets (Continued)

(i) Goodwill (Continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Other intangible assets

Other intangible assets include concession rights, publishing rights, programme and film rights, trademarks and domain names. Cost of other intangible assets are initially recognised and measured at cost. Other intangible assets with definite useful lives are amortised on a straight-line basis over the respective period of the operating right.

Principal annual rates are as follows:

Concession rights	5%-14.3%
Publishing rights	6.7%-20% or on an individual basis based on the amount of revenue earned in proportion to management's estimate of total revenue in respect of the publishing rights
Trademarks and domain names	12.5%-20%

Programme and film rights are amortised on the first and second showing of individual programme and film rights.

(i) Impairment of investments in subsidiaries, associated companies, joint ventures and non-financial assets

Assets that have an indefinite useful life, for example, goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group calculates the amount of impairment as the difference between the recoverable amounts of the associated companies and the joint ventures and their carrying values and recognises the amount adjacent to share of profits/losses of the associated companies and joint ventures.

1 Principal accounting policies (Continued)

(j) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(l) Trade and other receivables

Trade and other receivables are classified as current assets if collection is expected in one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than one year overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in other operating expenses in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amount previously written off are credited against other operating expenses in the consolidated income statement.

1 Principal accounting policies (Continued)

(m) Employee benefits

(i) Pension obligations

The Group operates various post-employment schemes, including both defined contribution and defined benefit pension plans, and the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies, taking into account of the recommendations of independent qualified actuaries.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plan, the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past service costs are recognised immediately in income statement.

1 Principal accounting policies (Continued)

(m) Employee benefits (Continued)

(i) Pension obligations (Continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present values.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(o) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1 Principal accounting policies (Continued)

(o) Current and deferred income tax (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associated companies and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associated companies and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1 Principal accounting policies (Continued)

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(q) Trade payables

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

1 Principal accounting policies (Continued)

(s) Revenue recognition

Revenue from advertising is recognised over the period when the advertisement is placed.

Revenue from sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Sales are recorded net of estimated returns at the time of sale. Accumulated experience is used to estimate and provide for the returns.

Revenue from sale of services is recognised when the services are rendered. Revenue from provision of mobile Internet services is recorded based on the gross amounts billed to the mobile phone users given that the Group is the primary obligor to the users with respect to such services.

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

(t) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

1 Principal accounting policies (Continued)

(t) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) income and expenses for each income statement are translated at average exchange rates; and

(3) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income. For those acquisitions made prior to 1 January 2005, goodwill and fair value adjustments arising on the acquisition are expressed in the acquiring company's functional currency.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

1 Principal accounting policies (Continued)

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the chief executive officer of the Group. The chief operating decision-maker is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

Segment profit/loss excludes other material items, such as provision for impairment, share of profits less losses of investments accounted for using the equity method and unallocated expenses. Unallocated expenses represent corporate expenses, including finance costs, and depreciation and amortisation.

Segment assets consist primarily of fixed assets, other non-current assets, goodwill, available-for-sale financial assets, inventories, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities and pension obligations but exclude current and deferred taxation and all borrowings. Capital expenditure comprises additions to fixed assets and other intangible assets.

Sales are based on the country in which the business is operated. Total assets and capital expenditure are based on the location of the assets.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(w) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

2 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including cash flow interest rate risk, currency risk and price risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to the Group. For performing this function, the Group may collect funding from cash generating subsidiaries and provide funding to those subsidiaries that require cash for their business operation.

(i) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and deposits placed with banks. The Group has no significant concentrations of credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Sales of products and services are made to customers with appropriate credit history. For credit exposures to customers, management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors. For banks and financial institutions, deposits are only placed with banks with good credit ratings to mitigate the risk arising from banks.

(ii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants (if any), to ensure the maintenance of sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and longer term.

The table below analyses the Group's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Liquidity risk (Continued)

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 December 2015			
Bank borrowings, including interest payable	181,819	87,011	2,393,141
Trade and other payables excluding non-financial liabilities	485,198	–	–
At 31 December 2014			
Bank borrowings, including interest payable	201,460	2,311,719	48,973
Trade and other payables excluding non-financial liabilities	573,320	–	–

(iii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The key exposure of the Group to this risk originates from the interest-bearing borrowings and interest-bearing bank deposits. Borrowings issued at variable rates and bank deposits placed at variable rates expose the Group to cash flow interest rate risk.

At 31 December 2015, if interest rates on all borrowings had been 100 basis points higher/lower with all other variables held constant, pre-tax loss for the year would have been HK$25,703,000 higher/lower (2014: HK$24,707,000 higher/lower on pre-tax loss), mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2015, if interest rates on all interest-bearing bank deposits had been 100 basis points higher/lower with all other variables held constant, pre-tax loss for the year would have been HK$4,729,000 lower/higher (2014: HK$5,374,000 lower/higher on pre-tax loss) due to higher/lower interest income earned on market interest rates.

Management monitors the interest rate risk exposure on a continuous basis and adjusts the portfolio of borrowings where necessary.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Foreign currency risk

The Group mainly operates in the Greater China region and is exposed to foreign currency exchange risk arising from various foreign currencies, primarily Renminbi ("RMB") and New Taiwan dollar ("NT$"). Foreign exchange risk on net investments in foreign currencies is managed primarily through borrowings denominated in the relevant foreign currencies.

Since Hong Kong dollar ("HK$") is pegged to United States dollar ("US$"), management considers that there is no significant foreign currency risk between these two currencies to the Group. A sensitivity analysis on the foreign currency exposure of HK$/US$ against RMB and NT$ is set out below.

For companies with HK$ as their functional currency

At 31 December 2015, if RMB had weakened/strengthened by 5% against HK$ with all other variables held constant, pre-tax loss for those companies for the year would have been HK$201,000 higher/lower (2014: HK$32,000 higher/lower on pre-tax loss), mainly as a result of foreign exchange losses/gains on translation of RMB denominated cash and bank balances. Loss in 2015 is more sensitive to movement in currency exchange rate than that in 2014 because the amount of RMB denominated cash and bank balances held by operating companies in Hong Kong had increased.

For companies with RMB as their functional currency

At 31 December 2015, if HK$/US$ had weakened/strengthened by 5% against RMB with all other variables held constant, pre-tax loss for those companies for the year would have been HK$1,365,000 higher/lower (2014: HK$854,000 higher/lower on pre-tax loss), mainly as a result of foreign exchange losses/gains on translation of HK$/US$ denominated cash and bank balances. Loss in 2015 is more sensitive to movement in currency exchange rate than that in 2014 because the amount of HK$/US$ denominated cash and bank balances held by operating companies in the PRC had increased.

For companies with NT$ as their functional currency

At 31 December 2015, if HK$/US$ had weakened/strengthened by 5% against NT$ with all other variables held constant, pre-tax profit for those companies for the year would have been HK$28,000 lower/higher (2014: HK$31,000 lower/higher on pre-tax profit), mainly as a result of foreign exchange losses/gains on translation of HK$/US$ denominated cash and bank balances. Profit in 2015 is less sensitive to movement in currency exchange rate than that in 2014 because the amount of HK$/US$ denominated cash and bank balances held by operating companies in Taiwan had decreased.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(v) Price risk

Management considers that the Group is not subject to any significant price risk.

(vi) Market risks sensitivity analysis

For the presentation of market risks (including interest rate risk, currency risk and market price risk) above, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of market risks that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period in income statement and total equity.

The effect that is disclosed assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of market risks does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial instruments. The sensitivity analysis measures changes in the fair value and/or cash flows of the Group's financial instruments from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are what-if forward-looking estimates. The sensitivity analysis is for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and losses.

2 Financial risk management (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, raise or repay bank borrowings, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital. Total capital includes total borrowings and total equity as shown in the consolidated statement of financial position. Total borrowings include short-term bank loans and long-term bank loans as shown in the consolidated statement of financial position.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Short-term bank loans (note 26)	**98,884**	127,816
Long-term bank loans (note 27)	**2,471,426**	2,342,900
Total borrowings	**2,570,310**	2,470,716
Total equity	**240,663**	531,001
Total capital	**2,810,973**	3,001,717
Gearing ratio	**91%**	82%

The increase in the gearing ratio in 2015 was mainly due to decrease in reserves and increase in bank loans to finance the Group's investment, capital expenditure and working capital requirements.

2 Financial risk management (Continued)

(c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, or discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair values. The fair value of long-term financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market rate that is available to the Group for similar financial instruments.

The financial instruments that are measured at fair value require disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

2 Financial risk management (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level 1
	HK$'000
At 31 December 2015	
Assets	
Available-for-sale financial assets	
– Equity securities	14,879
Total assets	14,879
Total liabilities	–
At 31 December 2014	
Assets	
Available-for-sale financial assets	
– Equity securities	14,879
Total assets	14,879
Total liabilities	–

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities related to defined benefit retirement obligations are contained in note 28 to the consolidated financial statements. Other key sources of estimation uncertainty are as follows:

(a) Critical accounting estimates and assumptions

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of the CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (note 14).

No impairment charge arose in CGUs during the year. For sensitivity analysis, if a 1% annual sales growth rate is reduced from the original discounted cash flow assumption under the value-in-use calculation, no impairment would have been recognised.

(ii) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made.

3 Critical accounting estimates and judgements (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(ii) Income taxes (Continued)

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the deductible temporary differences and the carry forward of unutilised losses and tax credits, the asset balance will be reduced and charged to the consolidated income statement.

(iii) Provision for sales return

Revenue is stated net of sales return provision. Sales return provision is made by the Group upon the delivery of goods to the customers when the significant risks and rewards of ownership of the goods are transferred to the customers. As at 31 December 2015, the provision for sales return of the Group amounted to HK$34,529,000 (2014: HK$38,501,000). This provision is recognised by the Group based on the best estimates by management with reference to past experience and other relevant factors. Any difference between this estimate and the actual return will impact the Group's results in the period in which the actual return is determined.

(iv) Provision for impairment of trade and other receivables

The policy for provision for impairment of trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. The amount of provision made as at 31 December 2015 was HK$66,081,000 (2014: HK$100,367,000). If the financial conditions of customers of the Group were to change, resulting in an impairment or improvement in their abilities to make payments, either additional provision or reversal of previously made provision may be required.

3 Critical accounting estimates and judgements (Continued)

(b) Critical judgements in applying the Group's accounting policy

(i) Consolidation of PRC Domestic Companies under Contractual Arrangements

Regarding the consolidation of PRC Domestic Companies under Contractual Arrangements, the directors of the Company assessed whether or not the Group has control over the PRC Domestic Companies based on whether or not the Group has power to direct the relevant activities of PRC Domestic Companies unilaterally, rights to variable returns from its involvement, and has the ability to use its power to affect its returns. In making their judgement, the directors of the Company considered the Contractual Agreements. The key provisions of the principal Contractual Agreements are set out in pages 149 to 150 (inclusive) of the consolidated financial statements.

The directors of the Company, after consulting legal opinion, are of the view that the terms of the Contractual Agreements under the Contractual Arrangements have in substance enabled the Group to exercise full control over and enjoy all economic benefits of the PRC Domestic Companies, despite the absence of formal legal equity interest held by the Group therein. Accordingly, PRC Domestic Companies are accounted for as subsidiaries of the Group.

The Company is of the view that entering of the Contractual Arrangements is not in contravention of the relevant PRC laws and regulations currently in force. However, uncertainties in the PRC legal system could cause the Group's current contractual arrangement structure to be found in violation of any existing and/or future PRC laws or regulations and could limit the relevant subsidiaries of the Company's ability to enforce the rights under the Contractual Arrangements.

4 Segment information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out on pages 144 to 150.

The following revenue is recognised during the year:

	2015 *HK$'000*	2014 *HK$'000*
– Provision of services to users using the mobile and Internet-based marketplace and provision of technical services for e-commerce operations	9,537	3,366
– Provision of mobile Internet services, online advertising and commercial enterprise solutions	38,477	89,264
– Magazine and book circulation, sales of publication advertising and other related products	911,372	958,802
– Advertising sales of outdoor media assets and provision of outdoor media services	152,375	229,712
– Advertising sales in relation to satellite television channel operations, production of broadcasting programmes and provision for media sales, event production and marketing services	155,748	229,889
Consolidated revenue	1,267,509	1,511,033

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.

4 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.

4 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

4 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.

4 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.

The Group's businesses are operated in three main geographical areas:

Hong Kong – Mobile Internet Group and Publishing Group

Mainland China – E-Commerce Group, Mobile Internet Group, Publishing Group, Outdoor Media Group, and Television and Entertainment Group

Taiwan and other Asian country – Publishing Group

4 Segment information (Continued)

	Revenue		Non-current assets other than deferred tax assets	
	Year ended 31 December 2015 Consolidated Total *HK$'000*	Year ended 31 December 2014 Consolidated Total *HK$'000*	As at 31 December 2015 Consolidated Total *HK$'000*	As at 31 December 2014 Consolidated Total *HK$'000*
Hong Kong	8,694	9,422	19,119	7,876
Mainland China	361,702	559,546	1,628,787	1,790,681
Taiwan and other Asian country	897,113	942,065	621,957	638,366
	1,267,509	1,511,033	2,269,863	2,436,923

Revenue is allocated based on the country in which the business is operated and non-current assets other than deferred tax assets are allocated based on the location of the assets. There are no significant sales between the geographical segments.

5 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.

5 Gain on disposal of long-term investments (Continued)

(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.

6 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.

7 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:		
Mobile operators and revenue sharing costs	9,579	35,342
Depreciation (note 13)	44,418	52,545
Amortisation of other intangible assets (note 15)	98,612	106,266
Cost of inventories sold (note 21)	512,548	518,887
Staff costs (including directors' emoluments) (note 12)	427,000	491,535
Operating leases in respect of:		
– Land and buildings	52,679	63,948
– Other assets	117,339	94,982
Auditors' remuneration		
– Audit and audit related work		
– PricewaterhouseCoopers	9,119	9,784
– Other auditors	814	992
– Non-audit work		
– PricewaterhouseCoopers	40	37
– Other auditors	461	438
Provision for impairment of an available-for-sale financial asset (note 18)	3,304	–
Provision for impairment of trade receivables, net (note 22(c))	8,626	11,313
Provision for inventories	17,711	14,409
Write off of other receivables	2,624	8,976
Loss on disposal of fixed assets	–	551
Loss on disposal of other intangible assets	–	848
Exchange loss, net	2,224	–

7 Loss before net finance costs and taxation (Continued)

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

	2015 *HK$'000*	2014 *HK$'000*
Crediting:		
Write back of trade payables, net (note)	–	41,420
Write back of other payables	8,137	2,252
Dividend income from available-for-sale financial assets	1,176	967
Gain on disposal of fixed assets	1,776	–
Gain on disposal of subsidiaries (note 32(b))	509	–
Exchange gain, net	–	3,075

Note:

In October 2014, a subsidiary of the Mobile Internet Group entered into a settlement agreement with its business partner terminating the joint venture. Upon termination, a net write back on trade payable is recognised in the consolidated income statement which mainly represented reimbursement of operating and other costs relating to this cooperation.

8 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

9 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 (note)	132	(8,548)
Deferred taxation (note 29(c))	(1,118)	(680)
Taxation charge	17,680	8,733

Note:

A subsidiary of the Group in Taiwan had received revised income tax assessments for the years of 2004 to 2010 from the local tax authority since 2008, disallowing the full amount of goodwill amortisation for tax deduction. In 2013, the subsidiary and the local tax authority reached an agreement to settle the tax disputes. As a result, the subsidiary accrued additional tax expenses of NT$129 million (approximately HK$34 million) for prior years based on the revised income tax assessments.

The tax credit in 2014 mainly related to the adjustments of prior years' assessable profits of the subsidiary in Taiwan from the settlement with the local tax authority as mentioned above and also upon capital reduction of its subsidiary.

9 Taxation (Continued)

Taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the applicable taxation rate of the home country of the Group is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Loss before taxation	(209,604)	(68,732)
Calculated at a taxation rate of 16.5% (2014: 16.5%)	(34,585)	(11,341)
Effect of different applicable taxation rates in other countries	1,480	1,676
Income not subject to taxation	(13,203)	(56,378)
Expenses not deductible for taxation purposes	6,147	15,616
Utilisation of previously unrecognised tax losses	(701)	(1,270)
Recognition of previously unrecognised temporary differences	(2,790)	(2,324)
Tax losses not recognised	36,461	50,226
Temporary differences not recognised	230	2,105
Tax effect of results of investments accounted for using the equity method	20,598	14,856
Withholding tax	3,911	4,115
Under/(over)-provision in prior years	132	(8,548)
Taxation charge	17,680	8,733

10 Dividends

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

11 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).

12 Staff costs, including directors' emoluments

	2015 *HK$'000*	2014 *HK$'000*
Wages and salaries	407,842	460,861
Pension costs – defined contribution plans	18,308	27,277
Pension costs – defined benefit plans (note 28(b))	850	3,397
	427,000	491,535

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2014: two) directors whose emoluments are reflected in the analysis as shown in note 38(a). The emoluments payable to the remaining three (2014: three) individuals during the year are as follows:

	2015 *HK$'000*	2014 *HK$'000*
Basic salaries, housing allowances, other allowances and benefits in kind	4,733	4,859
Discretionary bonuses	1,641	2,878
Contributions to retirement benefit schemes	131	102
	6,505	7,839

The emoluments of these three (2014: three) individuals fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$1,500,001 – HK$2,000,000	2	–
HK$2,000,001 – HK$2,500,000	–	2
HK$3,000,001 – HK$3,500,000	1	–
HK$3,500,001 – HK$4,000,000	–	1

13 Fixed assets

	Properties	Leasehold improve-ments	Computer equipment	Outdoor media assets	Other assets	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost							
At 1 January 2014	26,454	68,355	532,104	174,159	81,046	4,052	886,170
Exchange adjustment	(925)	(1,440)	(14,770)	(4,214)	(1,244)	(53)	(22,646)
Additions	–	2,397	12,810	18,772	1,583	2,939	38,501
Transfer between categories	–	1,429	–	2,574	–	(4,003)	–
Disposals and write-offs	–	(30,157)	(77,522)	(23,181)	(5,444)	–	(136,304)
At 31 December 2014	25,529	40,584	452,622	168,110	75,941	2,935	765,721
At 1 January 2015	25,529	40,584	452,622	168,110	75,941	2,935	765,721
Exchange adjustment	(2,372)	(1,213)	(17,776)	(6,735)	(1,737)	(267)	(30,100)
Additions	–	8,580	11,186	2,026	1,463	3,057	26,312
Transfer between categories	–	–	–	1,999	–	(1,999)	–
Disposals and write-offs	(760)	(18,208)	(22,138)	(13,204)	(5,539)	–	(59,849)
Disposal of subsidiaries (note 32(b))	–	(507)	(1,843)	–	(800)	–	(3,150)
At 31 December 2015	22,397	29,236	422,051	152,196	69,328	3,726	698,934

13 Fixed assets (Continued)

	Properties HK$'000	Leasehold improve-ments HK$'000	Computer equipment HK$'000	Outdoor media assets HK$'000	Other assets HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation and impairment losses							
At 1 January 2014	10,151	56,155	485,908	120,604	71,037	–	743,855
Exchange adjustment	(274)	(1,135)	(13,363)	(2,953)	(1,065)	–	(18,790)
Depreciation charge for the year	997	6,079	23,026	18,839	3,604	–	52,545
Disposals and write-offs	–	(29,542)	(77,345)	(22,328)	(5,011)	–	(134,226)
At 31 December 2014	10,874	31,557	418,226	114,162	68,565	–	643,384
At 1 January 2015	10,874	31,557	418,226	114,162	68,565	–	643,384
Exchange adjustment	(586)	(708)	(16,708)	(5,000)	(1,554)	–	(24,556)
Depreciation charge for the year	938	4,349	17,985	17,887	3,259	–	44,418
Disposals and write-offs	(209)	(18,118)	(21,944)	(13,204)	(5,530)	–	(59,005)
Disposal of subsidiaries (note 32(b))	–	(221)	(1,823)	–	(728)	–	(2,772)
At 31 December 2015	11,017	16,859	395,736	113,845	64,012	–	601,469
Net book value							
At 31 December 2015	11,380	12,377	26,315	38,351	5,316	3,726	97,465
At 31 December 2014	14,655	9,027	34,396	53,948	7,376	2,935	122,337

14 Goodwill

	2015 *HK$'000*	2014 *HK$'000*
Net book value, at 1 January	644,778	646,914
Exchange adjustment	(3,166)	(2,136)
Net book value, at 31 December	641,612	644,778
At 31 December:		
Cost	4,538,785	4,641,267
Accumulated amortisation and impairment	(3,897,173)	(3,996,489)
Net book value	641,612	644,778

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs identified according to business and geographical segments.

A segment level of the goodwill allocation is presented below.

	2015			2014		
	Mainland China *HK$'000*	Taiwan and other Asian country *HK$'000*	Total *HK$'000*	Mainland China *HK$'000*	Taiwan and other Asian country *HK$'000*	Total *HK$'000*
E-Commerce	67,352	–	67,352	70,158	–	70,158
Publishing	–	508,825	508,825	–	509,156	509,156
Outdoor Media	40,864	–	40,864	40,893	–	40,893
Television and Entertainment	24,571	–	24,571	24,571	–	24,571
	132,787	508,825	641,612	135,622	509,156	644,778

The recoverable amounts of all the CGUs are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business segments in which the CGUs operate.

14 Goodwill (Continued)

Impairment test for goodwill (Continued)

The key assumptions used for the value-in-use calculations for the CGUs were:

	E-Commerce Group	Publishing Group	Outdoor Media Group	Television and Entertainment Group
Gross margin[1]	67%-100%	43%-44%	22-39%	13%
Growth rate[2]	5%	1%	1%	1%
Discount rate[3]	7%	7%	7%	9%

1 Budgeted gross margin

2 Weighted average growth rate used to extrapolate cash flows beyond the five-year budget period

3 Pre-tax discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each CGU within the respective business segments.

Management determined budgeted gross margin based on past performance and its expectations for market development. The weighted average growth rates used are consistent with the forecasts. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

15 Other intangible assets

	Concession rights HK$'000	Publishing rights HK$'000	Programme and film rights HK$'000	Trademarks and domain names HK$'000	Total HK$'000
Cost					
At 1 January 2014	29,911	162,718	132,085	5,548	330,262
Exchange adjustment	(749)	(9,960)	(2,448)	(121)	(13,278)
Additions	–	95,870	6,853	615	103,338
Disposals and write-offs	(5,952)	(90,367)	(45,670)	(1,164)	(143,153)
At 31 December 2014	23,210	158,261	90,820	4,878	277,169
At 1 January 2015	23,210	158,261	90,820	4,878	277,169
Exchange adjustment	(667)	(7,259)	(466)	(196)	(8,588)
Additions	–	91,959	1,667	–	93,626
Disposals and write-offs	(3,937)	(79,392)	(40,842)	–	(124,171)
At 31 December 2015	18,606	163,569	51,179	4,682	238,036
Accumulated amortisation					
At 1 January 2014	22,587	86,949	128,493	4,210	242,239
Exchange adjustment	(603)	(7,823)	(1,629)	(105)	(10,160)
Amortisation charge for the year	1,077	97,153	7,529	507	106,266
Disposals and write-offs	(5,952)	(90,367)	(45,670)	(316)	(142,305)
At 31 December 2014	17,109	85,912	88,723	4,296	196,040
At 1 January 2015	17,109	85,912	88,723	4,296	196,040
Exchange adjustment	(431)	(6,459)	(466)	(176)	(7,532)
Amortisation charge for the year	1,056	94,712	2,768	76	98,612
Disposals and write-offs	(3,937)	(79,392)	(40,842)	–	(124,171)
At 31 December 2015	13,797	94,773	50,183	4,196	162,949
Net book value					
At 31 December 2015	4,809	68,796	996	486	75,087
At 31 December 2014	6,101	72,349	2,097	582	81,129

Of the total amortisation charge, HK$98,536,000 (2014: HK$105,759,000) and HK$76,000 (2014: HK$507,000) were included in "cost of sales" and "other operating expenses" respectively.

16 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, as at 31 December (note a)	1,372,311	1,520,101

The amounts recognised in the income statement are as follows:

	2015 HK$'000	2014 HK$'000
Associated companies (note a)	(124,835)	(85,931)
Joint ventures (note b)	–	(4,107)
For the year ended 31 December	(124,835)	(90,038)

(a) Interests in associated companies

Movement in interests in associated companies during the year:

	2015 HK$'000	2014 HK$'000
At 1 January	1,520,101	45,261
Transfer from interests in joint ventures (note b) (note 5(b))	–	1,203,075
Increase in share capital of an associated company (note 5(b))	–	378,526
Carrying value of certain interests in associated companies disposed of (note 5(b))	–	(17,811)
Carrying value of interest in an associated company disposed of (note 5(a))	(18,357)	–
Share of profits less losses	(124,835)	(85,931)
Dividend paid	(3,372)	(2,163)
Advance to an associated company	6,519	–
Exchange adjustment	(7,745)	(856)
At 31 December	1,372,311	1,520,101

16 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies (Continued)

Notes:

(i) The Group had a commitment up to RMB155 million for providing marketing resources to an associated company, for development and promotion of the business and services of the associated company, in particular its mobile business and services. Except for the above, there are no material contingent liabilities relating to the Group's interests in these associated companies and no material contingent liabilities of the entities themselves.

(ii) In 2015, the Group considered Ule Holdings Limited and its subsidiaries ("Ule Holdings Group") as material associated companies. Ule Holdings Group is a strategic partnership for the Group's e-commerce business development and investment.

Set out below are the summarised financial information of Ule Holdings Group which is accounted for using the equity method:

Summarised consolidated statement of financial position as at 31 December

	2015 *HK$'000*	2014 *HK$'000*
Current		
Cash and cash equivalents	518,389	769,683
Other current assets (excluding cash)	36,599	15,125
Total current assets	554,988	784,808
Financial liabilities (excluding trade payables)	(292,234)	(262,717)
Other current liabilities (including trade payables)	(39,971)	(3,237)
Total current liabilities	(332,205)	(265,954)
Non-current		
Assets	74,730	69,727
Net assets	297,513	588,581

16 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies (Continued)

Notes (Continued):

(ii) Set out below are the summarised financial information of Ule Holdings Group which is accounted for using the equity method (Continued):

Summarised consolidated statement of comprehensive income for the year ended 31 December

	2015 *HK$'000*	2014 *HK$'000*
Revenue	99,244	199,249
Depreciation and amortisation	(12,938)	(10,171)
Interest income	6,877	10,996
Loss from continuing operation	(272,611)	(144,354)
Income tax credit	–	689
Post-tax loss from continuing operations	(272,611)	(143,665)
Other comprehensive expense	(18,457)	(14,880)
Total comprehensive expense	(291,068)	(158,545)
Dividend received from associated companies	–	–

16 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies (Continued)

Notes (Continued):

(ii) Set out below are the summarised financial information of Ule Holdings Group which is accounted for using the equity method (Continued):

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in Ule Holdings Group:

	2015 *HK$'000*	2014 *HK$'000*
Opening net assets as at 1 January	588,581	–
Net liabilities upon Ule Holdings Group became associated companies	–	(153,602)
Increase in share capital of an associated company	–	891,348
Loss for the year	(272,611)	(134,285)
Exchange adjustment	(18,457)	(14,880)
Closing net assets as at 31 December	297,513	588,581
Interests in associated companies (42.00%)	124,955	247,204
Fair value adjustments	1,246,657	1,246,657
Accumulated amortisation of intangible assets	(20,581)	(10,412)
Carrying value as at 31 December	1,351,031	1,483,449

16 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies (Continued)

Notes (Continued):

(iii) Set out below are the aggregated financial information of the Group's share of the remaining associated companies:

	2015 *HK$'000*	2014 *HK$'000*
Carrying values	21,280	36,652
Loss from continuing operations	(170)	(18,024)
Other comprehensive expense	(661)	(1,293)
Total comprehensive expense	(831)	(19,317)

The list of principal associated companies of the Group at 31 December 2015 is set out on pages 144 to 150.

(b) Interests in joint ventures

Movement in interests in joint ventures during the year:

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	–	1,390,709
Share of losses	–	(4,107)
Carrying value of certain interests in joint ventures disposed of (note 5(b))	–	(183,527)
Transfer to interests in associated companies (note a) (note 5(b))	–	(1,203,075)
At 31 December	–	–

17 Financial instruments by category

	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Assets as per consolidated statement of financial position			
31 December 2015			
Available-for-sale financial assets (note 18)	–	66,480	66,480
Long-term receivables (note 20)	4,510	–	4,510
Trade and other receivables excluding prepayments	572,602	–	572,602
Advance to an investee company (note 19)	2,191	–	2,191
Cash and cash equivalents (note 24)	466,728	–	466,728
Restricted cash (note 23)	7,669	–	7,669
	1,053,700	66,480	1,120,180
31 December 2014			
Available-for-sale financial assets (note 18)	–	58,149	58,149
Long-term receivables (note 20)	2,981	–	2,981
Trade and other receivables excluding prepayments	630,093	–	630,093
Advance to an investee company (note 19)	2,183	–	2,183
Cash and cash equivalents (note 24)	535,505	–	535,505
Restricted cash (note 23)	3,680	–	3,680
	1,174,442	58,149	1,232,591

17 Financial instruments by category (Continued)

	Other financial liabilities *HK$'000*
Liabilities as per consolidated statement of financial position	
31 December 2015	
Short-term bank loans (note 26)	98,884
Long-term bank loans (note 27)	2,471,426
Trade and other payables excluding non-financial liabilities	485,413
	3,055,723
31 December 2014	
Short-term bank loans (note 26)	127,816
Long-term bank loans (note 27)	2,342,900
Trade and other payables excluding non-financial liabilities	573,621
	3,044,337

18 Available-for-sale financial assets

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	58,149	24,137
Exchange adjustment	(2,215)	(294)
Capital investment	15,600	31,301
Disposal (note 5(a))	(1,750)	–
Provision for impairment	(3,304)	–
Net gains transferred to equity	–	3,005
At 31 December	66,480	58,149
Less: Non-current portion	(66,480)	(58,149)
Current portion	–	–

18 Available-for-sale financial assets (Continued)

The Group's available-for-sale financial assets include the following:

	2015 HK$'000	2014 HK$'000
Unlisted equity securities	66,480	58,149

Available-for-sale financial assets are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
US$	45,381	31,551
HK$	14,879	14,879
NT$	6,220	9,969
RMB	–	1,750
	66,480	58,149

Certain unlisted equity securities with carrying amount of approximately HK$51,601,000 (2014: HK$43,270,000) are stated at cost because they do not have the quoted market price and the fair value cannot be measured reliably.

Management had no intention on disposal of these unlisted equity securities.

During the year, the carrying amount of HK$3,304,000 of an available-for-sale financial asset has been impaired and a loss has been recognised in the consolidated income statement. Except for the above, none of the other available-for-sale financial assets are impaired (2014: Nil).

19 Advance to an investee company

	2015 *HK$'000*	2014 *HK$'000*
Advance to an investee company	2,191	2,183

The carrying amount of the Group's advance to an investee company is denominated in HK$.

The advance to an investee company as at 31 December 2015 is interest-free, unsecured and repayable on demand (2014: Same). The carrying amount of the advance to an investee company approximates its fair value.

The maximum exposure to credit risk at the reporting date is its carrying value.

20 Other non-current assets

	2015 *HK$'000*	2014 *HK$'000*
Long-term receivables	4,510	2,981
Deferred expenses	10,207	5,265
	14,717	8,246

The maximum exposure to credit risk on long-term receivables at the reporting date is their carrying values.

21 Inventories

	2015 *HK$'000*	2014 *HK$'000*
Merchandise	15,685	17,203
Finished goods	79,907	83,308
Work in progress	10,724	9,945
	106,316	110,456

The cost of inventories recognised as an expense and included in the cost of sales amounted to HK$512,548,000 (2014: HK$518,887,000).

22 Trade and other receivables

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

(a) 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.

(b) The carrying amounts of trade and other receivables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK$	21,802	32,449
RMB	372,079	418,445
NT$	226,724	238,744
	620,605	689,638

22 Trade and other receivables (Continued)

(c) 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
Represented by:		
Receivables from related companies	50	19,599
Receivables from third parties	299,966	321,103
	300,016	340,702

Total trade receivables from related companies beneficially owned by a substantial shareholder of the Company, CK Hutchison Holdings Limited ("CKHH"), as at 31 December 2015 amounted to HK$50,000 (2014: HK$19,599,000, being the substantial shareholders of the Company, Hutchison Whampoa Limited ("HWL") and Cheung Kong (Holdings) Limited ("CKH"), and related companies beneficially owned by these substantial shareholders). These are related to sales of goods and services as shown in note 35(a).

The Group has assessed if there is any impairment on an individual customer basis based on ageing analysis of trade receivables balance, historical bad debt rates, repayment patterns, customer credit worthiness and industry trend analysis. As at 31 December 2015, the amount of the provision for impairment of trade receivables was HK$66,081,000 (2014: HK$100,367,000).

22 Trade and other receivables (Continued)

(c) (Continued)

As at 31 December 2015, trade receivables of HK$102,182,000 (2014: HK$98,974,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analyses of these trade receivables were as follows:

	2015 *HK$'000*	2014 *HK$'000*
Overdue by:		
Up to 3 months	55,746	62,707
Over 3 months	46,436	36,267
	102,182	98,974

Movements in the provision for impairment of trade receivables were as follows:

	2015 *HK$'000*	2014 *HK$'000*
Balance as at 1 January	100,367	94,253
Provision for receivable impairment, net	8,626	11,313
Amounts written off during the year	(39,483)	(3,740)
Disposal of subsidiaries	(20)	–
Exchange adjustment	(3,409)	(1,459)
Balance as at 31 December	66,081	100,367

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

	2015 *HK$'000*	2014 *HK$'000*
Over 90 days	66,081	100,367

The creation of provision for impaired receivables has been included in other operating expenses in the consolidated income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

22 Trade and other receivables (Continued)

(c) (Continued)

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(d) The Group's other receivables as at 31 December 2015 include amounts due from associated companies and related companies of HK$190,112,000 (2014: HK$203,770,000) and HK$22,812,000 (2014: HK$18,300,000) respectively. The total balances due from the substantial shareholders of the Company, CKHH and Cranwood Company Limited ("Cranwood"), and related companies beneficially owned by these substantial shareholders amounted to HK$3,387,000 (2014: HK$613,000, being related companies beneficially owned by the substantial shareholders of the Company, HWL, CKH and Cranwood). The balances due from non-controlling interests of subsidiaries of the Group amounted to HK$19,425,000 (2014: HK$17,687,000).

The balances due from associated companies and related companies represent advance/prepayment to or expenses paid on behalf of these companies. These balances are unsecured, interest-free and repayable on demand.

The Group does not hold any collateral as security.

23 Restricted cash

At 31 December 2015, NT$17,885,000 (approximately HK$4,221,000) (2014: NT$14,973,000 or approximately HK$3,680,000) was 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 RMB2,873,000 (approximately HK$3,448,000) (2014: Nil) was pledged in favour of the courts for legal proceedings in Mainland China.

The maximum exposure to credit risk at the reporting date is its carrying value.

24 Cash and cash equivalents

	2015 *HK$'000*	2014 *HK$'000*
Cash on hand	1,532	1,829
Cash at bank	465,196	533,676
	466,728	535,505

Cash and cash equivalents are denominated in the following currencies:

	2015 *HK$'000*	2014 *HK$'000*
HK$	30,474	30,118
US$	10,242	21,956
RMB	270,803	333,964
NT$	148,672	144,482
Others	6,537	4,985
	466,728	535,505
Maximum exposure to credit risk	465,196	533,676

25 Trade and other payables

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

25 Trade and other payables (Continued)

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

(b) 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
Represented by:		
Payable to third parties	121,424	151,853

(c) The Group's other payables as at 31 December 2015 include amounts due to associated companies and related companies of HK$1,233,000 (2014: HK$1,344,000) and HK$56,935,000 (2014: HK$52,789,000) respectively. The total balances due to related companies beneficially owned by the substantial shareholders of the Company, CKHH and Cranwood amounted to HK$53,544,000 (2014: HK$49,304,000, being related companies beneficially owned by the substantial shareholders of the Company, HWL and Cranwood). The balances due to non-controlling interests of subsidiaries of the Group amounted to HK$3,391,000 (2014: HK$3,485,000).

The amounts due to associated companies represent expenses paid on behalf of the Group by these companies and the amounts due to related companies arose from purchases of goods and services. These balances are unsecured, interest-free and repayable on demand.

(d) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2015 *HK$'000*	2014 *HK$'000*
HK$	101,672	95,238
US$	1,872	1,443
RMB	220,331	314,458
NT$	295,540	320,199
	619,415	731,338

26 Short-term bank loans

	2015 *HK$'000*	2014 *HK$'000*
Unsecured	98,884	127,816

The bank loans are denominated in NT$.

These short-term bank loans are interest bearing at prevailing market rates. Their carrying amounts approximate their fair values.

27 Long-term bank loans

	2015 *HK$'000*	2014 *HK$'000*
Unsecured	2,471,426	2,342,900
Less: Current portion	(51,133)	(26,219)
	2,420,293	2,316,681
The bank loans are repayable:		
Within one year	51,133	26,219
In the second year	55,853	2,268,341
In the third to fifth year	2,364,440	48,340
Wholly repayable within 5 years	2,471,426	2,342,900
The bank loans are denominated in the following currencies:		
HK$	2,355,000	2,220,000
NT$	116,426	122,900
	2,471,426	2,342,900

These long-term bank loans are interest bearing at prevailing market rates ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 0.85% to Taiwan Two Years Time Savings Index Rate of ChungHwa Post Co., Ltd. plus 0.775% (2014: HIBOR plus 1.45% to Taiwan Two Years Time Savings Index Rate of ChungHwa Post Co., Ltd. plus 0.775%) per annum. Their carrying amounts approximate their fair values.

28 Pension assets and obligations

The Group operates certain defined benefit pension plans in Hong Kong and Taiwan. These pension plans are either final salary defined benefit plans or with minimum guaranteed return rate on plan assets. The assets of the funded plans are generally held independently of the Group's assets in separate trustee-administered funds. The Group's major plans are valued by qualified actuaries annually using the projected unit credit method. Defined benefit plans in Hong Kong and Taiwan are valued by Towers Watson and KPMG Advisory Service Co., Ltd. respectively.

(a) The pension assets/obligations recognised in the consolidated statement of financial position are determined as follows:

	2015 *HK$'000*	2014 *HK$'000*
Present value of funded obligations (note c)	69,783	71,606
Fair value of plan assets (note d)	(34,940)	(36,696)
Pension obligations recognised in the consolidated statement of financial position	34,843	34,910
Remeasurement of defined benefit plans recognised in the consolidated statement of comprehensive income ("SOCI") during the year	(2,499)	1,938
Cumulative remeasurement of defined benefit plans recognised in the SOCI	(2,821)	(322)

(b) The amounts recognised in the consolidated income statement are as follows:

	2015 *HK$'000*	2014 *HK$'000*
Current service cost	2,306	2,672
Past service cost and gains and losses on settlements	(2,099)	–
Net interest on net defined benefit liability	632	714
Others	11	11
Total, included in staff costs (note 12)	850	3,397

28 Pension assets and obligations (Continued)

(c) Movements in present value of the funded obligations in current year are as follows:

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	71,606	73,658
Exchange adjustment	(2,169)	(3,383)
Current service cost	2,306	2,672
Past service cost and gains and losses on settlements	(2,099)	–
Interest cost	1,322	1,470
Actuarial loss/(gain):		
– experience adjustment	1,432	(1,505)
– financial assumption changes	1,389	318
Payment from plan	(4,004)	(1,624)
At 31 December (note a)	69,783	71,606

(d) Movements in fair value of the plan assets in current year are as follows:

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	36,696	36,538
Exchange adjustment	(555)	(1,150)
Interest income	690	756
Return on plan assets, excluding amounts included in interest income	323	751
Contribution by employer	1,801	1,436
Payment from plan	(4,004)	(1,624)
Others	(11)	(11)
At 31 December (note a)	34,940	36,696

The estimated contribution by the Group for the year 2016 will be amounted to HK$2,059,000.

28 Pension assets and obligations (Continued)

(e) Fair value of the plan assets is analysed as follows:

	2015 *Percentage*	2014 *Percentage*
Equity instruments		
Consumer markets and manufacturing	6%	6%
Energy and utilities	3%	2%
Financial institutions and insurance	6%	6%
Telecommunications and information technology	6%	4%
Others	13%	12%
	34%	30%
Debt instruments		
US Treasury notes	1%	1%
Government and government guaranteed notes	5%	4%
Financial institutions notes	2%	3%
Others	3%	3%
	11%	11%
Cash and cash equivalents	55%	59%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2015 *Percentage*	2014 *Percentage*
Aaa/AAA	35%	38%
Aa1/AA+	18%	9%
Aa2/AA	1%	2%
Aa3/AA-	4%	5%
A1/A+	7%	9%
A2/A	5%	5%
Other investment grades	25%	28%
No investment grades	5%	4%
	100%	100%

28 Pension assets and obligations (Continued)

(e) Fair value of the plan assets is analysed as follows (Continued):

The fair value of the above equity instruments and debt instruments are determined based on quoted market price.

The principal actuarial assumptions used are as follows:

	2015	2014
Discount rate	1.5%-1.875%	1.9%-2.0%
Rate of salary increases	3.0%-4.0%	3.0%-4.0%

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2015. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets.

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, the liquidity requirements of the plans.

The weighted average duration of the defined benefit obligations is 15.2 years.

Expected maturity analysis of undiscounted pension benefits is as follows:

At 31 December 2015	Within next 5 years *HK$'000*	Beyond 5 years but within 10 years *HK$'000*	Beyond 10 years but within 15 years *HK$'000*	Beyond 15 years but within 20 years *HK$'000*	Beyond 20 years *HK$'000*	Total *HK$'000*
Pension benefits	18,717	27,438	20,001	26,624	18,279	111,059

28 Pension assets and obligations (Continued)

(f) The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 2.7%	Increase by 2.8%
Rate of salary increases	0.25%	Increase by 2.1%	Decrease by 2.0%

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

29 Deferred taxation

(a) Deferred tax assets

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	**35,811**	34,421
Exchange adjustment	**(1,403)**	(1,859)
Credited to consolidated income statement (note c)	**1,270**	3,249
At 31 December	**35,678**	35,811
Amount to be recovered after more than one year	**684**	234

29 Deferred taxation (Continued)

(b) Deferred tax liabilities

	2015 HK$'000	2014 HK$'000
At 1 January	8,602	6,398
Exchange adjustment	(436)	(365)
Charged to consolidated income statement (note c)	152	2,569
At 31 December	8,318	8,602
Amount to be payable after more than one year	8,318	8,602

(c) Deferred taxation credited to consolidated income statement

	2015 HK$'000	2014 HK$'000
Deferred tax assets (note a)	1,270	3,249
Deferred tax liabilities (note b)	(152)	(2,569)
Deferred taxation credited to consolidated income statement (note 9)	1,118	680

(d) Movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year

Deferred tax assets

	Provisions		Others		Total	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
At 1 January	35,577	34,186	234	235	35,811	34,421
Exchange adjustment	(1,394)	(1,847)	(9)	(12)	(1,403)	(1,859)
Credited to consolidated income statement	803	3,238	467	11	1,270	3,249
At 31 December	34,986	35,577	692	234	35,678	35,811

29 Deferred taxation (Continued)

(d) Movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year (Continued)

Deferred tax assets (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses as at 31 December 2015 of HK$4,684,428,000 (2014: HK$4,616,200,000) that can be carried forward against future taxable income. Losses amounting to HK$587,682,000 will be expired from 2016 to 2025, and HK$4,096,746,000 has no expiry terms.

Deferred tax liabilities

	Unremitted earnings		Others		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 1 January	3,602	1,278	5,000	5,120	8,602	6,398
Exchange adjustment	(230)	(245)	(206)	(120)	(436)	(365)
Charged to consolidated income statement	152	2,569	–	–	152	2,569
At 31 December	3,524	3,602	4,794	5,000	8,318	8,602

(e) Deferred income tax liabilities of HK$41,726,000 (2014: HK$40,657,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are to be reinvested. Unremitted earnings totalled HK$782,684,000 as at 31 December 2015 (2014: HK$762,821,000).

30 Share capital

Company – Authorised

	Ordinary shares of HK$0.1 each	
	No. of shares	*HK$'000*
At 31 December 2015 and 2014	5,000,000,000	500,000

Company – Issued and fully paid

	Ordinary shares of HK$0.1 each	
	No. of shares	*HK$'000*
At 31 December 2015 and 2014	3,893,270,558	389,328

31 Own shares held

	No. of shares	*HK$'000*
At 1 January 2014 and 31 December 2014	3,043,771	6,244
At 1 January 2015 and 31 December 2015	3,043,771	6,244

32 Notes to the consolidated statement of cash flows

(a) Reconciliation of loss before taxation to net cash inflow/(outflow) from operations

	2015 *HK$'000*	2014 *HK$'000*
Loss before taxation	(209,604)	(68,732)
Interest expenses	72,574	72,499
Interest income	(6,117)	(9,120)
Amortisation and depreciation	143,030	158,811
Dividend income on available-for-sale financial assets	(1,176)	(967)
Share of profits less losses of investments accounted for using the equity method	124,835	90,038
Provision for impairment of an available-for-sale financial asset	3,304	–
Provision for impairment of trade receivables, net	8,626	11,313
Provision for inventories	17,711	14,409
Write off of other receivables	2,624	8,976
Write back of trade payables, net	–	(41,420)
Write back of other payables	(8,137)	(2,252)
(Gain)/loss on disposal of fixed assets	(1,776)	551
Loss on disposal of intangible assets	–	848
Gain on disposal of long-term investments (note 5)	(56,460)	(188,198)
Gain on disposal of subsidiaries (note b)	(509)	–
Adjusted operating profit before working capital changes	88,925	46,756
(Increase)/decrease in long-term receivables	(1,529)	2,459
Increase in inventories	(14,501)	(10,770)
Decrease in trade and other receivables	41,035	83,064
Decrease in trade and other payables	(59,029)	(158,203)
Decrease in pension obligations	(2,566)	(272)
Exchange adjustment	(18,234)	(8,090)
Net cash inflow/(outflow) from operations	34,101	(45,056)

32 Notes to the consolidated statement of cash flows (Continued)

(b) Disposal of subsidiaries

For the year ended 31 December 2015	HK$'000
Net assets disposed of:	
Fixed assets (note 13)	378
Inventories	928
Trade and other receivables	5,335
Cash and bank balances	377
Trade and other payables	(6,527)
	491
Gain on disposal of subsidiaries (note a)	509
	1,000
Represented by:	
Cash	1,000
Analysis of net cash inflow in respect of disposal of subsidiaries:	
Cash received	1,000
Cash and bank balances disposed of	(377)
Net cash inflow in respect of disposal of subsidiaries	623

(c) Analysis of changes in financing during the year

	2015 HK$'000	2014 HK$'000
Bank loans		
At 1 January	2,470,716	2,320,757
New bank loans	737,896	771,852
Loan repayments	(628,306)	(604,307)
	109,590	167,545
Exchange adjustment	(9,996)	(17,586)
At 31 December	2,570,310	2,470,716

33 Pledge of assets

Save as disclosed in note 23, the Group had no pledge of assets as at 31 December 2015 (2014: Nil).

34 Commitments

(a) Capital commitments

The Group's maximum capital commitments as at 31 December 2015 are as follows:

	2015 *HK$'000*	2014 *HK$'000*
Capital injection for an investment		
– Contracted but not provided for	681	7,500

(b) Commitments under operating leases

At 31 December 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2015		2014	
	Land and buildings *HK$'000*	Other assets *HK$'000*	Land and buildings *HK$'000*	Other assets *HK$'000*
No later than one year	35,514	28,031	41,650	53,721
Later than one year and no later than five years	30,152	41,662	37,630	83,992
Later than five years	3,029	5,546	–	12,557
	68,695	75,239	79,280	150,270

35 Related party transactions

A summary of significant related party transactions, in addition to those disclosed in notes 22 and 25 to the consolidated financial statements, is set out below:

(a) Sales of goods and services

	2015 *HK$'000*	2014 *HK$'000*
Sales to		
– HWL and its subsidiaries and joint ventures	21,854	80,610
– A subsidiary of CKHH	170	–
– Non-controlling interests of subsidiaries and their subsidiaries	403	127
– Associated companies	9,026	1,918

All the transactions with related parties were entered into in accordance with terms agreed by the relevant parties.

Year-end balances due from these related companies arising from sales of goods and services are shown in note 22(c).

(b) Purchase of goods and services

	2015 *HK$'000*	2014 *HK$'000*
Purchase of services payable to		
– Non-controlling interests of a subsidiary	13,658	13,999
Rental payable to		
– A subsidiary of CKH	6,136	14,725
– Non-controlling interests of subsidiaries and their subsidiaries	2,484	1,145
Service fees payable to		
– HWL and its subsidiaries	1,139	4,290
– CKHH and its subsidiaries	3,079	–
Property reinstatement costs payable to		
– A subsidiary of CKH	4,564	–
Interest expenses payable to		
– Non-controlling interests of a subsidiary	1,897	1,897

35 Related party transactions (Continued)

(b) Purchase of goods and services (Continued)

In December 2013, two substantial shareholders of the Company granted guarantees to the Company at a guarantee fee equivalent to 0.5% per annum for aggregate principal amount outstanding under the existing loan facilities of HK$2,900 million. In December 2015, the Company entered into amendment and restatement deeds to amend certain terms of the facility agreements in relation to the existing loan facilities and to terminate the guarantees. During the year, guarantee fee amounted to approximately HK$11,281,000 was paid by the Company (2014: HK$10,683,000) to these substantial shareholders.

In December 2015, the Company had entered into amendment and restatement deeds as mentioned above and new facility agreements with several independent financial institutions for total loan facilities amounting to HK$3,200 million. A substantial shareholder of the Company granted guarantees to the Company at a guarantee fee equivalent to 0.5% per annum for aggregate principal amount outstanding under these loan facilities. During the year, guarantee fee amounted to approximately HK$148,000 was paid by the Company (2014: Nil) to the substantial shareholder.

All the transactions with related parties were entered into in accordance with terms agreed by the relevant parties.

Year-end balances due to these related companies arising from purchase of goods and services are shown in note 25(c).

(c) Key management compensation

Management considers remuneration to all key management of the Group has already been disclosed in note 38(a).

36 Subsequent events

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 transactions disclosed in note 6 and above, there is no subsequent event which has material impact to the consolidated financial statements of the Group.

37 Statement of financial position of the Company

(a) Statement of financial position of Company

	Note	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	c	1,584,798	1,747,614
Other non-current assets	d	10,207	5,265
		1,595,005	1,752,879
Current assets			
Amounts due from subsidiaries	c	2,176,355	2,270,966
Other receivables	e	8,699	8,068
Cash and cash equivalents	f	1,502	474
		2,186,556	2,279,508
Current liabilities			
Amounts due to subsidiaries	c	1,039,947	987,272
Other payables	g	18,120	47,372
		1,058,067	1,034,644
Net current assets		1,128,489	1,244,864
Total assets less current liabilities		2,723,494	2,997,743
Non-current liabilities			
Long-term bank loans	h	2,355,000	2,220,000
Net assets		368,494	777,743
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	30	389,328	389,328
(Deficits)/reserves	b	(14,590)	394,659
Own shares held	31	(6,244)	(6,244)
		368,494	777,743

Yeung Kwok Mung
Director

Mak Soek Fun, Angela
Director

37 Statement of financial position of the Company (Continued)

(b) Movement of reserve of the Company

	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	4,100,475	23,565	776	(3,774,576)	350,240
Profit for the year	–	–	–	44,419	44,419
At 31 December 2014	4,100,475	23,565	776	(3,730,157)	394,659
At 1 January 2015	4,100,475	23,565	776	(3,730,157)	394,659
Loss for the year	–	–	–	(409,249)	(409,249)
At 31 December 2015	4,100,475	23,565	776	(4,139,406)	(14,590)

The loss of the Company is HK$409,249,000 (2014: profit of HK$44,419,000) and is included in determining the loss attributable to equity holders of the Company in the consolidated income statement.

As at 31 December 2015, the Company has no distributable reserves (which include share premium account, contributed surplus and accumulated losses) as calculated under the Companies Law of the Cayman Islands (2014: HK$393,883,000).

(c) Interests in subsidiaries

	2015 HK$'000	2014 HK$'000
Investments at cost – unlisted shares	2,259,451	2,259,451
Less: Provision for impairment	(674,653)	(511,837)
	1,584,798	1,747,614

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand except HK$719,924,000 (2014: HK$789,928,000) bearing the effective interest rate of 1.01% per annum for the year ended 31 December 2015 (2014: 2.02%).

The carrying values of the amounts due from and to subsidiaries approximate their fair values.

The list of the principal subsidiaries of the Company at 31 December 2015 is set out on pages 144 to 150.

37 Statement of financial position of the Company (Continued)

(d) Other non-current assets

	2015 HK$'000	2014 HK$'000
Deferred expenses	10,207	5,265

(e) Other receivables

(i) The carrying values of the Company's other receivables approximate their fair values.

(ii) The carrying amounts of the Company's other receivables are denominated in HK$.

(f) Cash and cash equivalents

	2015 HK$'000	2014 HK$'000
Cash at bank	1,502	474

Cash and cash equivalents are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK$	1,084	56
US$	418	418
	1,502	474
Maximum exposure to credit risk	1,502	474

37 Statement of financial position of the Company (Continued)

(g) Other payables

(i) The carrying values of the Company's other payables approximate their fair values.

(ii) The carrying amounts of the Company's other payables are denominated in the following currencies:

	2015 *HK$'000*	2014 *HK$'000*
HK$	10,320	1,747
RMB	7,800	45,625
	18,120	47,372

(h) Long-term bank loans

	2015 *HK$'000*	2014 *HK$'000*
Unsecured	2,355,000	2,220,000
Less: Current portion	–	–
	2,355,000	2,220,000
The bank loans are repayable:		
In the second year	–	2,220,000
In the third to fifth year	2,355,000	–
Wholly repayable within 5 years	2,355,000	2,220,000

The bank loans are denominated in HK$.

These long-term bank loans are interest bearing at prevailing market rates ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 0.85% to HIBOR plus 1.03% (2014: HIBOR plus 1.45% to HIBOR plus 1.90%) per annum. Their carrying amounts approximate their fair values.

37 Statement of financial position of the Company (Continued)

(i) Financial instruments by category

	Loans and receivables	
	2015	2014
	HK$'000	*HK$'000*
Assets as per statement of financial position		
Cash and cash equivalents (note f)	1,502	474
Other receivables excluding prepayments	8,141	7,457
Amounts due from subsidiaries (note c)	2,176,355	2,270,966
	2,185,998	2,278,897

	Other financial liabilities	
	2015	2014
	HK$'000	*HK$'000*
Liabilities as per statement of financial position		
Long-term bank loans (note h)	2,355,000	2,220,000
Other payables (note g)	18,120	47,372
Amounts due to subsidiaries (note c)	1,039,947	987,272
	3,413,067	3,254,644

37 Statement of financial position of the Company (Continued)

(j) Financial risk factor

Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	Less than 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*
At 31 December 2015			
Bank borrowings, including interest payable	28,948	28,854	2,383,234
Amounts due to subsidiaries	1,039,947	–	–
Other payables	18,026	–	–
At 31 December 2014			
Bank borrowings, including interest payable	43,813	2,261,732	–
Amounts due to subsidiaries	987,272	–	–
Other payables	47,105	–	–

38 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2015 is set out below:

	Fees *HK$'000*	Basic salaries, housing allowances, other allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Contributions to retirement benefit schemes *HK$'000*	Total *HK$'000*
Executive directors					
Mr. Yeung Kwok Mung	50	5,390	–	367	5,807
Ms. Mak Soek Fun, Angela	50	4,268	–	282	4,600
Independent non-executive directors and members of Audit Committee					
Mr. Cheong Ying Chew, Henry	100	–	–	–	100
Mr. James Sha	100	–	–	–	100
Mr. Ip Yuk-keung, Albert	100	–	–	–	100
Non-executive director and member of Audit Committee					
Mrs. Lee Pui Ling, Angelina	100	–	–	–	100
Non-executive directors					
Mr. Frank John Sixt	50	–	–	–	50
Ms. Chang Pui Vee, Debbie	50	–	–	–	50
Mr. Ip Tak Chuen, Edmond	50	–	–	–	50
Total	650	9,658	–	649	10,957

38 Benefits and interests of directors (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each director for the year ended 31 December 2014 is set out below:

	Fees *HK$'000*	Basic salaries, housing allowances, other allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Contributions to retirement benefit schemes *HK$'000*	Total *HK$'000*
Executive directors					
Mr. Yeung Kwok Mung	50	5,390	–	367	5,807
Ms. Mak Soek Fun, Angela	50	4,268	–	282	4,600
Independent non-executive directors and members of Audit Committee					
Mr. Cheong Ying Chew, Henry	100	–	–	–	100
Mr. James Sha	100	–	–	–	100
Mr. Ip Yuk-keung, Albert	100	–	–	–	100
Non-executive director and member of Audit Committee					
Mrs. Lee Pui Ling, Angelina	100	–	–	–	100
Non-executive directors					
Mr. Frank John Sixt	50	–	–	–	50
Ms. Chang Pui Vee, Debbie	50	–	–	–	50
Mr. Ip Tak Chuen, Edmond	50	–	–	–	50
Total	650	9,658	–	649	10,957

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for the loss of office (2014: Nil).

There has been no arrangement under which a director has waived or agreed to waive any emoluments for the year ended 31 December 2015 (2014: Nil).

38 Benefits and interests of directors (Continued)

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: Nil).

39 Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 10 March 2016.

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	tom.com enterprises Limited	British Virgin Islands ("BVI"), limited liability company	Holding of the domain name of www.tom.com	1 ordinary share of US$1 each	100%
	TOM Group International Limited	Hong Kong, limited liability company	Management of strategic investments of the Group in Greater China	Ordinary shares HK$10	100%
	E-Commerce Group				
	Shanghai Eachnet Network Technology Services Co. Ltd.	Mainland China, limited liability company	Operation of a mobile and Internet-based C2C marketplace in Mainland China	Registered capital US$35,263,334	90.002%
#	Shanghai Ule Network Technology Co., Ltd.	Mainland China, limited liability company	Owning and operating a mobile and Internet-based e-marketplace in Mainland China	Registered capital US$70,165,000	37.80%
	TOM E-Commerce Limited	BVI, limited liability company	Investment holding in Mainland China	1 ordinary share of US$1 each	90.002%
#	Ule Holdings Limited	BVI, limited liability company	Investment holding	867,471,000 ordinary shares of US$0.00001 each 144,577,000 series A preferred shares of US$0.00001 each	37.80%
#	Ule International Co., Limited	Hong Kong, limited liability company	Investment holding and owning and operating a website of www.ule.com.hk	Ordinary shares HK$2	37.80%
#	China Post (Anhui) Network Technology Co., Ltd.	Mainland China, limited liability company	Owning and operating a website of www.ulenp.com	Registered capital RMB15,000,000	37.80%

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	Mobile Internet Group				
@	Beijing Huan Jian Shu Meng Network Technology Limited	Mainland China, limited liability company	Provision of mobile and Internet content services	Registered capital RMB1,000,000	90.002%
@	Beijing Lei Ting Wan Jun Network Technology Limited	Mainland China, limited liability company	Provision of Internet content services, online advertising services and telecom value-added services in Mainland China	Registered capital RMB100,000,000	90.002%
@	Beijing Lei Ting Wu Ji Network Technology Company Limited	Mainland China, limited liability company	Provision of wireless interactive voice response services in Mainland China	Registered capital RMB10,000,000	90.002%
@	Beijing LingXun Interactive Science Technology and Development Company Limited	Mainland China, limited liability company	Provision of wireless Internet services in Mainland China	Registered capital RMB10,000,000	90.002%
	Beijing Super Channel Network Limited	Mainland China, limited liability company	Provision of technical and management services in Mainland China	Registered capital US$13,000,000	90.002%
	ECLink Electronic Network Systems (Shenzhen) Co., Ltd.	Mainland China, limited liability company	Software, electronics and computer network system development in Mainland China	Registered capital US$3,000,000	100%
@	Shenzhen Freenet Information Technology Company Limited	Mainland China, limited liability company	E-mail service provider and provision of wireless Internet services in Mainland China	Registered capital RMB23,000,000	90.002%
	TOM Big Data Analytics Investments Company Limited	Hong Kong, limited liability company	Investment holding	Ordinary share HK$1	90.002%
	TOM Online Inc.	Cayman Islands, limited liability company	Investment holding in Mainland China	4,259,654,528 ordinary shares of HK$0.01 each	90.002%

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
Mobile Internet Group (Continued)				
TOM Online Payment Investments Company Limited	BVI, limited liability company	Investment holding	1 ordinary share of US$1 each	90.002%
Publishing Group				
Bookworm Club Co., Ltd	Taiwan, limited liability company	Distribution and retailing of books and magazines in Taiwan	2,015,000 ordinary shares of NT$10 each	82.87%
Cite (H.K.) Publishing Group Limited	Hong Kong, limited liability company	Retailing and distribution of books and magazines in Hong Kong	Ordinary shares HK$4,200,000	69.07%
Cite (Malaysia) SDN. BHD.	Malaysia, limited liability company	Publishing and distribution of books and magazines in Malaysia	400,000 ordinary shares of RM1 each	73.14%
Cité Publishing Holding Limited	BVI, limited liability company	Investment holding in Taiwan	4,979,402 ordinary shares of US$0.01 each	82.89%
Cité Publishing Limited	Taiwan, limited liability company	Publishing of books and magazines in Taiwan	85,289,205 ordinary shares of NT$10 each	82.87%
Home Media Group Ltd.	Cayman Islands, limited liability company	Investment holding, advertising sales and distribution of publications in Taiwan	986,922,602 ordinary shares of US$0.00001 each	82.87%
Nong Nong Magazine Co., Ltd.	Taiwan, limited liability company	Publishing and distribution of magazines and advertising sales in Taiwan	2,500,000 ordinary shares of NT$10 each	66.30%
Pixnet Digital Media Corporation Limited	Taiwan, limited liability company	Supply service of online community and social networking websites in Taiwan	3,009,880 ordinary shares of NT$10 each	82.03%

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	Publishing Group (Continued)				
#	Straits Multi-Media, Inc.	Mainland China, limited liability company	Publishing and distribution of books and magazines and advertising sales in Mainland China	Registered capital RMB50,000,000	33.15%
	Outdoor Media Group				
@	Changchun TOM New Star Media Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB3,000,000	60%
	Fujian TOM Seeout Media Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB5,000,000	70%
	Henan New Tianming Advertising & Information Chuanbo Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB6,000,000	50%
	Kunming TOM-Fench Media Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB11,000,000	100%
@	Shandong TOM Longjun Media Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB11,000,000	60%
@	Shenyang TOM Sano Media Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB3,000,000	60%
	Sichuan TOM Southwest Outdoor Media Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB3,000,000	70%
	Xiamen TOM Bomei Advertising Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB10,000,000	60%
	Xiamen TOM Bomei Shiji Advertising Company Limited	Mainland China, limited liability company	Advertising sales in Mainland China	Registered capital RMB1,500,000	60%

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	Television and Entertainment Group				
@	Guangdong Yangcheng Advertising Company Limited	Mainland China, limited liability company	Advertising services, event management and media buying business in Mainland China	Registered capital RMB5,000,000	80%
	China Entertainment Television Broadcast Limited	Hong Kong, limited liability company	Operation of satellite television channel and provision of content and television programmes to various platforms including satellite television and syndication network	Ordinary shares HK$192,620,937.7	99.99%
	華娛廣告(深圳)有限公司	Mainland China, limited liability company	Advertising services in Mainland China	Registered capital HK$8,000,000	99.99%
@	Shenzhen Sheng Shi Jia Hua Television Cultural Transmission Company Limited	Mainland China, limited liability company	Television programmes production and related services and programme syndication	Registered capital RMB3,000,000	100%
	YCP Advertising Limited	Hong Kong, limited liability company	Advertising services, event management and media buying business in Mainland China and Hong Kong	Ordinary shares HK$10	80%

\# Associated company

@ PRC Domestic Companies under Contractual Arrangements (Note)

Note:

As mentioned in note 1(b) to the consolidated financial statements, the Company regards the PRC Domestic Companies under the Contractual Arrangements as subsidiaries of the Group under HKFRS.

The Contractual Agreements principally comprise of (i) Option Agreements, (ii) Loan Agreements, (iii) Exclusive Technical and Consultancy Services Agreements, (iv) Equity Pledge Agreements, (v) Business Operation Agreements and (vi) Irrevocable Power of Attorneys.

Key provisions of the principal Contractual Agreements are as follows:

(i) Option Agreements – Certain subsidiaries of the Company ("Intermediate Holding Companies") entered into option agreements with the PRC Domestic Companies and the PRC nationals under which the relevant PRC nationals have granted exclusive options to the relevant Intermediate Holding Companies to purchase all or part of the relevant PRC nationals' interests in the relevant PRC Domestic Companies concerned exercisable at the discretion of the relevant Intermediate Holding Companies to the extent permitted by PRC laws at the purchase price as set out in the relevant option agreements such as an amount equivalent to the registered capital contributed to the relevant PRC Domestic Companies.

(ii) Loan Agreements – Pursuant to the loan agreements between the relevant Intermediate Holding Companies and the relevant PRC nationals, the relevant Intermediate Holding Companies have provided long-term loans to the relevant PRC nationals to be invested exclusively in the relevant PRC Domestic Companies. The loans will become due and payable only in the form of transfer of all of the relevant PRC nationals' equity interests in the relevant PRC Domestic Companies to the relevant Intermediate Holding Companies or their nominee(s), including in the circumstances when (i) current restrictions on foreign ownership in the PRC Domestic Companies are lifted under the PRC laws; (ii) the relevant PRC nationals resign from or are removed by the relevant Intermediate Holding Companies or its affiliated entities from office; (iii) the relevant PRC nationals commit a criminal offence; (iv) any third party raises against the relevant PRC nationals a claim over RMB500,000; or (v) the relevant PRC nationals die or become incapacitated.

(iii) Exclusive Technical and Consultancy Services Agreements – The PRC Domestic Companies have entered into exclusive technical and consultancy services agreements with certain subsidiaries of the Company ("Service Providers") pursuant to which the relevant PRC Domestic Companies agreed to engage the relevant Service Providers to provide certain technical and consultancy services to the relevant PRC Domestic Companies on an exclusive basis (unless otherwise allowed under such contract) in exchange for service fees, which amount to substantially all of the net profit of the PRC Domestic Companies.

(iv) Equity Pledge Agreements – Pursuant to the equity pledge agreements between the relevant Service Providers and the relevant PRC nationals, the relevant PRC nationals have pledged to the relevant Service Providers all their respective interest in the relevant PRC Domestic Companies for the performance of the payment obligations of such PRC Domestic Companies under the relevant Exclusive Technical and Consultancy Services Agreements with such Service Providers mentioned in paragraph (iii) above. No consideration is payable under each of the equity pledge agreements.

(v) Business Operation Agreements – Pursuant to the business operation agreements between the relevant PRC Domestic Companies, the relevant Service Providers and the relevant PRC nationals, the relevant Service Providers have agreed to act as guarantors for any obligations undertaken by the relevant PRC Domestic Companies and, in return, the relevant PRC Domestic Companies have agreed to pledge all of their respective accounts receivables and assets in favour of the relevant Service Providers. In addition, the relevant PRC Domestic Companies and the relevant PRC nationals have agreed to appoint individuals designated by the Service Providers to the management team of the relevant PRC Domestic Companies and to refrain from, unless with the prior written consent of the relevant Service Providers or their nominees, taking certain actions that may materially affect the operations of the relevant PRC Domestic Companies, including lending or assuming any obligation from any third party or sell or transfer any assets to any third parties. No consideration is payable under each of the business operations agreements.

(vi) Irrevocable Power of Attorneys – Pursuant to the relevant irrevocable power of attorneys, the relevant PRC nationals have granted the authorisations to a representative designated by the Company to exercise all of the shareholders' right with respect to the shareholders' interests in the PRC Domestic Companies.

The above table lists out the principal subsidiaries and associated companies of the Group as at 31 December 2015 which, in the opinion of the directors of the Company, either principally affect the results and net assets of the Group or provide potential opportunities to the business development of the Group. To give a complete list of the particulars of all the subsidiaries and associated companies of the Group would, in the opinion of the directors of the Company, be of excessive length.

Except for tom.com enterprises Limited, TOM Group International Limited and TOM Online Inc. which are directly held by the Company, the interests in the remaining subsidiaries and associated companies are held indirectly.

"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
"Main Board"	means the main board of 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

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