TOM Group Limited

TOM集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2383)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016

CHAIRMAN'S STATEMENT

In 2016, TOM Group focused its efforts on repositioning through investments in e-commerce, fintech and big data analytics sectors and made progress in realigning its cost structure to better match these strategic priorities. Whilst the investments in high growth and technology-centric businesses continued to enjoy growth momentum in their respective sectors, the slowdown in economic growth and competition from new media in Mainland China have adversely impacted some of the Group's traditional media businesses.

During the year, gross revenue from the Group's Technology Platform and Investments was HK$101 million. The Group's Media Business, represented by Publishing and Advertising business units, recorded gross revenue of HK$936 million.

For the year ended 31 December 2016, the Group's consolidated revenue from continuing operations was HK$1,035 million; recurring loss before finance costs and taxation, before and after share of losses of associated companies, amounted to HK$48 million and HK$177 million respectively. Loss attributable to shareholders, including a substantial share of results of investment in Ule, non-recurring disposal gains, impairment charge and discontinued operations, was HK$277 million.

During the review period, Ule (www.ule.com), our joint venture with China Post, continued to produce impressive operating performance indicators. In-line with China's national policy on the development of the rural economy and rural e-commerce, Ule established its strong foothold in the rural e-commerce market, leveraging on China Post's extensive offline networks and resources. According to information provided by Ule, its GMV surged more than 2 times year-on-year to over RMB70 billion. At the end of the year, more than 300,000 retail stores in rural China have joined Ule's e-commerce platform.

The Group's social network business, Pixnet, saw accelerating growth during the reporting period. Gross revenue increased 47% year-on-year to HK$71 million, leading to a segment profit of HK$11 million. Pixnet is currently among the top social media websites in Taiwan.

During the review period, the Publishing business sustained market leadership position in face of tough operating environment in Taiwan. Gross revenue was HK$787 million with segment profit at HK$62 million.

The significant downturn in Mainland China's traditional advertising market impeded the performance of the Advertising business during the year. Gross revenue decreased 49% year-on-year to HK$149 million and segment loss was HK$40 million. In the best interest of the shareholders, on 25 October 2016, TOM Group announced the cessation of the operation of CETV, its traditional television channel due to continued poor operation performance under a shrinking market and tough regulatory environment.

Going forward, TOM Group will continue to vigilantly monitor its cost with strict financial and operating discipline, and focus on the continuing growth of Ule as well as strengthening our technology platform with a portfolio of strategic investments to create sustainable value for shareholders.

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

Frank John Sixt
Chairman

Hong Kong, 9 March 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2016 HK$'000	2015 HK$'000 (Restated)
Continuing Operations:		
Consolidated revenue	1,034,606	1,251,295
Loss[1] before gain on deconsolidation of a subsidiary[2], disposal gains[4], recovery of a receivable previously written off[5] and goodwill impairment[3]	(177,421)	(177,432)
Gain on deconsolidation of a subsidiary[2]	9,632	-
Goodwill impairment[3]	(16,203)	-
Disposal gains[4]	-	56,460
Loss attributable to equity holders of the Company		
- before discontinued operations[6]	(220,310)	(165,044)
- after discontinued operations	(276,561)	(214,474)
Loss per share (HK cents)		
- before discontinued operations	(5.66)	(4.24)
- after discontinued operations	(7.10)	(5.51)

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

(2) 2016: Gain on deconsolidation of a subsidiary of the Advertising Group engaging in outdoor media business

(3) 2016: Goodwill impairment all related to outdoor media business under the Advertising Group

(4) 2015: Gain on disposal of an investment accounted for using the equity method (HK$50,147,000) and an available-for-sale financial asset (HK$6,313,000) of the Publishing Group

(5) 2015: Recovery of a receivable due from an entity which was deconsolidated in 2013 engaging in outdoor media business under the Advertising Group amounted to HK$10,308,000

(6) The loss on discontinued television operations of HK$56,251,000 (2015: HK$49,430,000) included provision for impairment of fixed assets and other intangible assets totalling HK$3,679,000 (2015: Nil) and provision for closure costs of HK$7,636,000 (2015: Nil)

BUSINESS REVIEW

2016 marked an important milestone for TOM Group to transition from a media conglomerate in Greater China to a unique technology platform with strategic operations in the areas of e-commerce, social network and investments in fintech and big data analytics sectors, each of which is enjoying accelerating growth momentum. During the year, gross revenue from the Group's Technology Platform and Investments was HK$101 million. Going forward, the Group will continue to scale our growth-stage businesses to create long term and sustainable value for shareholders.

Meanwhile, in-line with our strategic repositioning to focus resources on technology-centric and high growth businesses, the Group optimised its portfolio and exited investments in some of the traditional and non-performing media businesses during the year. The sluggish economy has adversely impacted the Group's Media Business in Advertising segment. During the year, our Media Business recorded gross revenue of HK$936 million with a segment profit of HK$22 million.

Overall revenue from continuing operations of TOM Group decreased 17% to HK$1,035 million as a result of business portfolio optimisation. Effective measures and continual efforts to enhance operating efficiency resulted in a 12% reduction in operating expenses. Gross profit margin increased three percentage points to 38%. Recurring loss before finance costs and taxation, before and after share of losses of associated companies, amounted to HK$48 million and HK$177 million respectively. During the year, the Group continued to focus on its investment in the fast growing e-commerce business through its Ule associate. Including a substantial share of results of investment in Ule, non-recurring disposal gains, impairment charge and discontinued operations, the Group reported a net loss attributable to shareholders of HK$277 million.

A Technology Platform with Strategic Investments in High Growth and High Value Businesses

Despite the challenging macro-economic environments in China during the review period, Ule, our **E-Commerce** joint venture with China Post, continued to benefit from growth opportunities in the Mainland due to government policies directed towards the development of rural e-commerce and the rural economy. During the year, leveraging on strong strategic partnership with China Post, Ule attained notable achievements. At the end of 2016, more than 300,000 retail stores in rural China have joined Ule's e-commerce platform. According to information provided by Ule, its GMV increased more than 200% year-on-year from RMB23 billion to over RMB70 billion.

By combining data-driven technology and best practices of retail and e-commerce businesses, Ule is able to help traditional retailers transform from purely offline outlets to businesses with online capabilities. Ule revamped the rural supply chain, saving delivery time and inventory cost for brand and retailers, whilst offering more personal services and SKUs (stock keeping units) to consumers. Ule will continue to drive strong growth in B2B and B2C services as well as launch many other value added services on the platform.

The Group's **Mobile Internet** platform continued to play a vital role as a technology platform for partners' applications and services which create synergies among our existing businesses and facilitate investment partnerships.

The Group invested in WeLab, a fast growing **fintech** company offering online consumer finance services, since 2014. WeLab has disbursed a total loan volume of more than USD500 million since its inception and the number of users has reached 13 million. Loan volume jumped nearly 4 times in Hong Kong and nearly 8 times in Mainland China from last year.

The Group’s investment in **advanced data analytics** company Rubikloud facilitated our deeper cooperation with Ule. Rubikloud's machine learning products and services have proven to significantly increase merchandising and loyalty revenue at large retailers. The company has recorded exponential growth in revenue which is expected to increase more than 4 times as compared to its previous financial year.

Our **Social Network** business, Pixnet, became an emerging revenue contributor for the Group with an impressive growth during the review period. Gross revenue increased 47% to HK$71 million with segment profit increased more than 12 times year-on-year. Pixnet is amongst the top social media portals in Taiwan with 5.7 million members and 6.6 million unique visitors per day. Going forward, the Group will accelerate the growth of Pixnet to unleash its upside potential.

A Media Market Leader in Publishing

The Group’s **Publishing** business demonstrated resilience in face of tough operating environment during the year. Revenue dropped 9% year-on-year with segment profit broadly maintained at HK$62 million due to effective cost savings. Our flagship magazine in Taiwan “*Business Weekly”* remained as a market leader in 2016. Building on its wealth of premium content, the Group will remain vigilant in sustaining a market leadership position in its publishing business going forward.

Restructuring of Traditional Advertising Business Portfolio

The slowdown in China’s economy, coupled with intense competition from the new media has caused a substantial reduction in advertisers’ spending in the traditional media. CETV, our traditional television channel, had been operating under tough regulatory environment and a shrinking market. In the best interest of our shareholders, TOM Group announced on 25 October 2016 the cessation of CETV’s operation by the end of the year, which was a part of the Group’s efforts in realigning its cost structure to match strategic priorities in technology sectors. Furthermore, the Group continued to optimise our outdoor media assets. Total available outdoor media assets reduced 21% to about 57,000 square metres. During the year, our **Advertising** business recorded a 49% drop in revenue with segment loss amounted to HK$40 million.

Going forward, TOM Group will adopt a two-pronged strategy. On one hand, we focus on accelerating our presence and strategic investment in the technology sectors to drive growth and create value for the Company. On the other hand, we continue to optimise resources and focus on media businesses with market leadership positions.

FINANCIAL REVIEW

TOM Group reports its results in five business segments under two business streams, namely E-Commerce Group, Mobile Internet Group and Social Network Group of Technology Platform and Investments, and Publishing Group and Advertising Group of Media Business.

Consolidated Revenue

The Group's consolidated revenue of continuing operations for the year ended 31 December 2016 amounted to HK$1,035 million, a 17% 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 traditional 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/deconsolidation gains/losses, provision for impairment of goodwill 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$25 million as a result of resources allocation on streamlined and focused operations. Segment loss was narrowed by 41% from HK$27 million last year to HK$16 million.

The Social Network Group was benefited from continual growth of business scale, reported gross revenue of HK$71 million, 47% higher than last year's HK$48 million, leading to significant increase in segment profit from HK$1 million in 2015 to HK$11 million.

The Publishing Group maintained its market leader position in Taiwan with reported gross revenue of HK$787 million and segment profit of HK$62 million under the challenging operating environment of traditional publishing business.

The Advertising Group reported gross revenue of HK$149 million and segment loss of HK$40 million, as compared to HK$27 million last year, as a result of weak traditional advertising market sentiment of Mainland China and reduced outdoor media assets portfolio.

Share of Results of Investments Accounted for Using the Equity Method

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

Loss before Net Finance Costs and Taxation

The Group's loss before net finance costs and taxation from continuing operations for the year amounted to HK$184 million, compared to last year's HK$111 million (which included a higher disposal gain). Excluding the gain on deconsolidation of a subsidiary of HK$10 million (2015: Nil) and provision for impairment of goodwill of HK$16 million (2015: Nil), the loss before finance costs and taxation from continuing operations was HK$177 million, same as last year's HK$177 million (which excluded the gain on disposal of long-term investments totalling HK$56 million and a recovery of a receivable previously written off of HK$10 million).

The gain on deconsolidation of a subsidiary of HK$10 million was recorded upon loss of control in a subsidiary under the Advertising Group engaging in outdoor media business in Mainland China. The goodwill impairment of HK$16 million reflected management's conservative judgement as to the values of certain outdoor media businesses given the weak traditional advertising market sentiment.

Discontinued Operations

In view of the television advertising market downturn and the tough regulatory environment, the Group has ceased the television operations which were mainly engaged in advertising sales in relation to satellite television channel operations and production of broadcasting programmes in Mainland China by the end of 2016. The discontinued operations recorded revenue of HK$9 million and net loss for the year of HK$56 million, which included a provision for closure costs of HK$8 million and impairment provision of fixed and other intangible assets totalling HK$4 million.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company, before and after loss from discontinued operations, was HK$220 million and HK$277 million respectively.

Liquidity and Financial Resources

As at 31 December 2016, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK$377 million. A total of HK$3,513 million financing facilities were available, of which HK$2,670 million, or 76%, had been utilised as at 31 December 2016, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$2,670 million as at 31 December 2016, of which HK$2,470 million and HK$200 million equivalent is denominated in Hong Kong dollar and New Taiwan dollar respectively. This included long-term bank loans of approximately HK$2,641 million (including portion repayable within one year), and short-term bank loans of approximately HK$29 million. All bank loans bore floating interest rates. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 104% as at 31 December 2016, compared to 91% as at 31 December 2015.

As at 31 December 2016, the Group had net current assets of approximately HK$396 million, at similar level of balance of approximately HK$399 million as at 31 December 2015. As at 31 December 2016, the current ratio (Current assets/Current liabilities) of TOM Group was 1.61, higher than 1.50 as at 31 December 2015.

In 2016, net cash generated from operating activities after interest and taxation paid was HK$1 million, improved from net cash used in operating activities after interest and taxation paid of HK$32 million last year. Net cash outflow used in investing activities was HK$136 million, mainly included capital expenditures of HK$116 million, cash and bank balances of a subsidiary being deconsolidated of HK$17 million and a share subscription in an available-for-sale investment of HK$17 million; partially offset by a recovery of a receivable from a former subsidiary and the net proceed on disposal of that former subsidiary totalling HK$14 million, and dividends received of HK$4 million. During the year, net cash inflow from financing activities amounted to HK$59 million, mainly included drawdown of bank loans, net of repayment, of HK$94 million, partially offset by payment of loan arrangement fee of HK$29 million and dividends paid to non-controlling interests of subsidiaries of HK$6 million.

Charges on Group Assets

As at 31 December 2016, the Group had restricted cash amounting to HK$7 million, being bank deposits mainly pledged in Taiwan in favour of certain publishing distributors as retainer fee for potential sales return, and banks as security for credit card and advance receipt, and quality assurance for government projects, and also the courts for legal proceedings in Mainland China.

Contingent Liabilities

As at 31 December 2016, the Group had no significant contingent liabilities.

Subsequent Events

There is no subsequent event after the reporting period 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 2016, TOM Group had approximately 1,600 full-time employees (excluding approximately 500 full-time employees of Ule, an associate of TOM). Employee costs, excluding Directors' emoluments, totalled HK$373 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. Further information in relation to our employment and labour practices is set out in the "Environmental, Social and Governance Report" in the Group's 2016 Annual Report.

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 deconsolidation of a subsidiary, gain on disposal of long-term investments, recovery of a receivable previously written off and provision for impairment of goodwill, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported certain non-GAAP results to investors, it is considered the inclusion of non-GAAP measures provides consistency in the Group's financial reporting.

AUDITED CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)
Continuing operations			
Revenue	2	1,034,606	1,251,295
Cost of sales		(646,473)	(810,950)
Selling and marketing expenses		(154,515)	(175,813)
Administrative expenses		(110,690)	(133,612)
Other operating expenses		(164,804)	(181,422)
Other losses, net		(6,074)	(2,095)
		(47,950)	(52,597)
Gain on deconsolidation of a subsidiary	3	9,632	-
Gain on disposal of long-term investments	4	-	56,460
Recovery of a receivable previously written off	5	-	10,308
Provision for impairment of goodwill	6	(16,203)	-
		(54,521)	14,171
Share of profits less losses of investments accounted for using the equity method	7	(129,471)	(124,835)
Loss before net finance costs and taxation	8	(183,992)	(110,664)
Finance income		3,912	6,117
Finance costs		(37,464)	(52,148)
Finance costs, net	9	(33,552)	(46,031)
Loss before taxation		(217,544)	(156,695)
Taxation	10	(13,044)	(17,680)
Loss for the year from continuing operations		(230,588)	(174,375)
Discontinued operations			
Loss for the year from discontinued operations	11	(56,177)	(52,909)
Loss for the year		(286,765)	(227,284)
Loss for the year attributable to:			
- Non-controlling interests		(10,204)	(12,810)
- Equity holders of the Company		(276,561)	(214,474)
		(286,765)	(227,284)
Loss for the year attributable to equity holders of the Company			
- From continuing operations		(220,310)	(165,044)
- From discontinued operations		(56,251)	(49,430)
		(276,561)	(214,474)
Loss per share attributable to equity holders of the Company during the year			
Basic and diluted	13		
- From continuing operations		HK(5.66) cents	HK(4.24) cents
- From discontinued operations		HK(1.44) cents	HK(1.27) cents
		HK(7.10) cents	HK(5.51) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 HK$'000	2015 HK$'000 (Restated)
Loss for the year	(286,765)	(227,284)
Item that will not be reclassified subsequently to income statement:		
Remeasurement of defined benefit plans	(5,056)	(2,499)
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)
Exchange translation differences	(42,981)	(39,869)
	(42,981)	(53,383)
Other comprehensive expense for the year, net of tax	(48,037)	(55,882)
Total comprehensive expense for the year	(334,802)	(283,166)
Total comprehensive expense for the year attributable to:		
- Non-controlling interests	(12,208)	(23,441)
- Equity holders of the Company	(322,594)	(259,725)
Total comprehensive expense for the year attributable to equity holders of the Company:		
- From continuing operations	(270,981)	(212,736)
- From discontinued operations	(51,613)	(46,989)
	(322,594)	(259,725)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		65,508	97,465
Goodwill		621,064	641,612
Other intangible assets		75,829	75,087
Investments accounted for using the equity method	7	1,242,609	1,372,311
Available-for-sale financial assets		79,671	66,480
Advance to an investee company		2,191	2,191
Deferred tax assets		36,980	35,678
Other non-current assets		9,323	14,717
		2,133,175	2,305,541
Current assets			
Inventories		107,077	106,316
Trade and other receivables	14	556,780	620,605
Restricted cash		7,488	7,669
Cash and cash equivalents		377,180	466,728
		1,048,525	1,201,318
Current liabilities			
Trade and other payables	15	541,990	619,415
Taxation payable		19,416	33,310
Long-term bank loans – current portion		62,293	51,133
Short-term bank loans		28,517	98,884
		652,216	802,742
Net current assets		396,309	398,576
Total assets less current liabilities		2,529,484	2,704,117
Non-current liabilities			
Deferred tax liabilities		8,833	8,318
Long-term bank loans – non-current portion		2,579,013	2,420,293
Pension obligations		41,610	34,843
		2,629,456	2,463,454
Net (liabilities)/assets		(99,972)	240,663
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		389,328	389,328
Deficits		(797,709)	(530,753)
Own shares held		(6,244)	(6,244)
		(414,625)	(147,669)
Non-controlling interests		314,653	388,332
Total (deficit)/equity		(99,972)	240,663

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	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	Other reserve HK$'000	Accumulated losses HK$'000	Total shareholders' deficits HK$'000	Non-controlling interests HK$'000	Total equity/ (deficit) HK$'000
Balance at 1 January 2016	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
Comprehensive income:													
Loss for the year	-	-	-	-	-	-	-	-	-	(276,561)	(276,561)	(10,204)	(286,765)
Other comprehensive income:													
Remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	-	(4,292)	(4,292)	(764)	(5,056)
Exchange translation differences	-	-	-	-	-	-	-	(41,741)	-	-	(41,741)	(1,240)	(42,981)
Total comprehensive expense for the year ended 31 December 2016	-	-	-	-	-	-	-	(41,741)	-	(280,853)	(322,594)	(12,208)	(334,802)
Share of other reserve of an investment accounted for using the equity method	-	-	-	-	-	-	-	-	6,096	-	6,096	677	6,773
Transactions with equity holders:													
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,946)	(5,946)
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(4,165)	(4,165)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,830	1,830
Acquisition of additional interests in subsidiaries	-	-	-	49,542	-	-	-	-	-	-	49,542	(53,867)	(4,325)
Transfer to general reserve	-	-	-	-	-	2,636	-	-	-	(2,636)	-	-	-
Transactions with equity holders	-	-	-	49,542	-	2,636	-	-	-	(2,636)	49,542	(62,148)	(12,606)
Balance at 31 December 2016	389,328	(6,244)	3,625,981	(75,054)	776	158,410	11,017	695,323	6,096	(5,220,258)	(414,625)	314,653	(99,972)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

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

The preparation of 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.

As at 31 December 2016, the Group had net liabilities of HK$100 million. The Group also has undrawn banking facilities guaranteed by one of its substantial shareholders. In preparing these consolidated financial statements, the Group has taken into account all information that could reasonably be expected to be available and has ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. Given its availability to the banking facilities, the Group considers it will have adequate financial resources to enable it to operate and meet its liabilities and commitments as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the Group has prepared these consolidated financial statements on a going concern basis.

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 2016.

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

2 Turnover, revenue and segment information

In 2016, the Group is re-positioned as a technology and media company, which results in some changes of reportable operating segments. The provision of services of online community and social networking websites and related online advertising are separately reported as an operating segment, namely Social Network Group. The advertising sales of outdoor media assets and, provision of outdoor media services; provision of media sales, event production and marketing services are aggregated and reported as an operating segment, namely Advertising Group.

By the end of 2016, the Group has ceased the television operations which is classified as the discontinued operations for the year ended 31 December 2016. Further details of the cessation of the television operations are set out in note 11 to this announcement.

The Group has five reportable operating segments:

Continuing operations

- 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.

- Social Network Group – provision of services of online community and social networking websites and related online advertising.

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

- Advertising Group – advertising sales of outdoor media assets and provision of outdoor media services; provision of media sales, event production and marketing services.

Discontinued operations

- Television Operations – advertising sales in relation to satellite television channel operations and production of broadcasting programmes.

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

2 Turnover, revenue and segment information (Continued)

The segment results for the year ended 31 December 2016 are as follows:

	Year ended 31 December 2016									
	Continuing Operations								Discontinued Operations	
	Technology Platform and Investments				Media Business				Television Operations	
	E-Commerce Group	Mobile Internet Group	Social Network Group	Sub-total	Publishing Group	Advertising Group	Sub-total	Total		Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Gross segment revenue	4,947	24,894	70,759	100,600	787,046	149,008	936,054	1,036,654	8,718	1,045,372
Inter-segment revenue	-	-	(1,646)	(1,646)	-	(402)	(402)	(2,048)	-	(2,048)
Net revenue from external customers	4,947	24,894	69,113	98,954	787,046	148,606	935,652	1,034,606	8,718	1,043,324
Segment profit/(loss) before amortisation and depreciation	(5,047)	(14,300)	13,473	(5,874)	175,769	(23,340)	152,429	146,555	(21,611)	124,944
Amortisation and depreciation	-	(1,925)	(2,087)	(4,012)	(113,775)	(17,044)	(130,819)	(134,831)	(2,674)	(137,505)
Segment profit/(loss)	(5,047)	(16,225)	11,386	(9,886)	61,994	(40,384)	21,610	11,724	(24,285)	(12,561)
Other material items:										
Provision for impairment of goodwill	-	-	-	-	-	(16,203)	(16,203)	(16,203)	-	(16,203)
Provision for impairment of fixed assets	-	-	-	-	-	-	-	-	(2,836)	(2,836)
Provision for impairment of other intangible assets	-	-	-	-	-	-	-	-	(843)	(843)
Provision for closure costs	-	-	-	-	-	-	-	-	(7,636)	(7,636)
Gain on deconsolidation of a subsidiary	-	-	-	-	-	9,632	9,632	9,632	-	9,632
Share of profits less losses of investments accounted for using the equity method	(131,606)	861	-	(130,745)	1,274	-	1,274	(129,471)	-	(129,471)
	(131,606)	861	-	(130,745)	1,274	(6,571)	(5,297)	(136,042)	(11,315)	(147,357)
Finance costs:										
Finance income (note a)	7	2,717	7	2,731	5,211	747	5,958	8,689	-	8,689
Finance expenses (note a)	-	-	(100)	(100)	(3,177)	-	(3,177)	(3,277)	(20,577)	(23,854)
	7	2,717	(93)	2,631	2,034	747	2,781	5,412	(20,577)	(15,165)
Segment profit/(loss) before taxation	(136,646)	(12,647)	11,293	(138,000)	65,302	(46,208)	19,094	(118,906)	(56,177)	(175,083)
Unallocated corporate expenses										(98,638)
Loss before taxation										(273,721)
Expenditure for operating segment non-current assets	-	158	1,676	1,834	113,316	147	113,463	115,297	692	115,989
Unallocated expenditure for non-current assets										20
Total expenditure for non-current assets										116,009

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK$4,843,000 and HK$100,000 were included in the finance income and finance expenses from continuing operations respectively.

Inter-segment interest expenses amounted to HK$18,747,000 were included in the finance expenses from discontinued operations.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2016 are as follows:

	As at 31 December 2016									
	Continuing Operations								Discontinued Operations	
	Technology Platform and Investments				Media Business				Television Operations	
	E-Commerce Group	Mobile Internet Group	Social Network Group	Sub-total	Publishing Group	Advertising Group	Sub-total	Total		Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	99,745	369,078	36,951	505,774	1,149,376	242,412	1,391,788	1,897,562	3,797	1,901,359
Investments accounted for using the equity method	1,234,130	4,686	-	1,238,816	3,793	-	3,793	1,242,609	-	1,242,609
Unallocated assets								37,732	-	37,732
Total assets								3,177,903	3,797	3,181,700
Segment liabilities	23,873	65,741	17,983	107,597	321,190	62,603	383,793	491,390	10,265	501,655
Unallocated liabilities:										
Corporate liabilities								81,945	-	81,945
Current taxation								19,372	44	19,416
Deferred taxation								8,833	-	8,833
Borrowings								2,669,823	-	2,669,823
Total liabilities								3,271,363	10,309	3,281,672

2 Turnover, revenue and segment information (Continued)

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

	Year ended 31 December 2015 (Restated)									
	Continuing Operations								Discontinued Operations	
	Technology Platform and Investments				Media Business				Television Operations	
	E-Commerce Group	Mobile Internet Group	Social Network Group	Sub-total	Publishing Group	Advertising Group	Sub-total	Total		Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Gross segment revenue	9,537	38,477	48,264	96,278	864,185	292,174	1,156,359	1,252,637	16,214	1,268,851
Inter-segment revenue	-	-	(1,077)	(1,077)	-	(265)	(265)	(1,342)	-	(1,342)
Net revenue from external customers	9,537	38,477	47,187	95,201	864,185	291,909	1,156,094	1,251,295	16,214	1,267,509
Segment profit/(loss) before amortisation and depreciation	2,859	(23,175)	2,979	(17,337)	172,915	(5,907)	167,008	149,671	(27,513)	122,158
Amortisation and depreciation	-	(4,119)	(2,138)	(6,257)	(108,761)	(21,529)	(130,290)	(136,547)	(4,970)	(141,517)
Segment profit/(loss)	2,859	(27,294)	841	(23,594)	64,154	(27,436)	36,718	13,124	(32,483)	(19,359)
Other material items:										
Gain on disposal of long-term investments	-	-	-	-	56,460	-	56,460	56,460	-	56,460
Recovery of a receivable previously written off	-	-	-	-	-	10,308	10,308	10,308	-	10,308
Share of profits less losses of investments accounted for using the equity method	(124,642)	629	-	(124,013)	(822)	-	(822)	(124,835)	-	(124,835)
	(124,642)	629	-	(124,013)	55,638	10,308	65,946	(58,067)	-	(58,067)
Finance costs:										
Finance income (note a)	5	4,609	15	4,629	8,100	1,043	9,143	13,772	-	13,772
Finance expenses (note a)	-	-	(236)	(236)	(4,237)	-	(4,237)	(4,473)	(20,426)	(24,899)
	5	4,609	(221)	4,393	3,863	1,043	4,906	9,299	(20,426)	(11,127)
Segment profit/(loss) before taxation	(121,778)	(22,056)	620	(143,214)	123,655	(16,085)	107,570	(35,644)	(52,909)	(88,553)
Unallocated corporate expenses										(121,051)
Loss before taxation										(209,604)
Expenditure for operating segment non-current assets	-	2,134	1,829	3,963	102,982	5,764	108,746	112,709	987	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$7,669,000 and HK$236,000 were included in the finance income and finance expenses from continuing operations respectively.

Inter-segment interest expenses amounted to HK$18,529,000 were included in the finance expenses from discontinued operations.

2 Turnover, revenue and segment information (Continued)

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

	As at 31 December 2015 (Restated)									
	Continuing Operations								Discontinued Operations	
	Technology Platform and Investments				Media Business				Television Operations	
	E-Commerce Group	Mobile Internet Group	Social Network Group	Sub-total	Publishing Group	Advertising Group	Sub-total	Total		Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	107,142	450,190	32,400	589,732	1,113,935	362,132	1,476,067	2,065,799	18,855	2,084,654
Investments accounted for using the equity method	1,363,776	3,994	-	1,367,770	4,541	-	4,541	1,372,311	-	1,372,311
Unallocated assets								49,894	-	49,894
Total assets								3,488,004	18,855	3,506,859
Segment liabilities	25,754	80,379	10,365	116,498	320,023	94,130	414,153	530,651	23,639	554,290
Unallocated liabilities:										
Corporate liabilities								99,968	-	99,968
Current taxation								33,266	44	33,310
Deferred taxation								8,318	-	8,318
Borrowings								2,570,310	-	2,570,310
Total liabilities								3,242,513	23,683	3,266,196

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

3 Gain on deconsolidation of a subsidiary

Due to the deconsolidation of a subsidiary of the Advertising Group engaging in outdoor media business, the net asset value of that subsidiary was written off and the amounts due to that subsidiary and relevant consideration payable were written back.

4 Gain on disposal of long-term investments

	2016 HK$'000	2015 HK$'000
Gain on disposal of investments accounted for using the equity method	-	50,147
Gain on disposal of an available-for-sale financial asset	-	6,313
	-	56,460

Note:

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 were recognised in the consolidated income statement for the year ended 31 December 2015.

5 Recovery of a receivable previously written off

In December 2015, a subsidiary of the Advertising Group ("Subsidiary") entered into an agreement with a former subsidiary of the Group engaging in outdoor media business (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 was recognised in the consolidated income statement for the year ended 31 December 2015.

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$3,361,000 was recognised in the current year (note 8).

6 Provision for impairment of goodwill

The provision for impairment of goodwill was related to the Advertising Group of HK$16,203,000 (2015: Nil). The provision was made with reference to the reduced estimated recoverable values of certain cash-generating units in the mentioned segment. The estimated recoverable values were determined based on value-in-use calculations according to financial budgets approved by management. The impairment charge reflected management's conservative judgement as to the values of certain outdoor media businesses given the weak traditional advertising market sentiment.

7 Investments accounted for using the equity method

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

	2016 HK$'000	2015 HK$'000
Associated companies	1,242,609	1,372,311

The share of net losses recognised in the income statement are as follows:

	2016 HK$'000	2015 HK$'000
Associated companies	(129,471)	(124,835)

Note:

In June 2016, the shareholders of Ule Holdings Limited ("Ule Holdings"), a material associated company of the Group, resolved the launch of share incentive options of Ule Holdings ("Ule Share Incentive Options"). Under the Ule Share Incentive Options, a total of 100,000,000 ordinary shares (based on the current par value of US$0.00001 each) are reserved, of which 43.71% of the Ule Share Incentive Options representing 43,711,860 shares ("Ule Major Shareholder Options") are approved to be granted to one of Ule Holdings' major shareholders ("Ule Major Shareholder"), subject to the completion of a deed ("Deed") signed by Ule Holdings and all of its shareholders, and the remaining 56.29% of the Ule Share Incentive Options representing 56,288,140 shares ("Ule Other Options") are approved to be granted to directors, employees and consultants of Ule and such other persons contributing to Ule, subject to determination of the details of Ule Other Options by the Ule remuneration committee ("Ule Committee").

As if the Ule Share Incentive Options are all granted and fully vested, Ule Holdings would be held as to 43.71%, 38.23%, 13.00% and 5.06% by Ule Major Shareholder, a non-wholly owned subsidiary of the Group, certain investors and holders of Ule Other Options respectively on a fully diluted basis.

In June 2016, the Deed was signed by Ule Holdings, the Ule Major Shareholder and remaining shareholders of Ule Holdings, under which it is mutually agreed that Ule Holdings granted Ule Major Shareholder Options to the Ule Major Shareholder for its contributions to Ule's business over the past years. The Ule Major Shareholder Options granted to the Ule Major Shareholder are only exercisable upon the completion of a qualified initial public offering ("Qualified IPO") of Ule Holdings. The exercise price of each Ule Major Shareholder Option is at the par value of each share on the exercise date. The Deed will be terminated if the Qualified IPO of Ule Holdings is not completed within 10 years from the date of the Deed. As at 31 December 2016, Ule Major Shareholder Options are not yet exercisable as the Qualified IPO has not occurred. During the year ended 31 December 2016, Ule Holdings recognised the share-based compensation expense in relation to the Ule Major Shareholder Options of approximately RMB13,784,000. The Group's share of this expense amounted to approximately HK$6,773,000.

Up to date, no option under the Ule Other Options has been granted.

8 Loss before net finance costs and taxation

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

	2016			2015 (Restated)		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Charging:						
Depreciation	34,711	1,838	36,549	42,216	2,202	44,418
Amortisation of other intangible assets	102,269	836	103,105	95,844	2,768	98,612
Provision for impairment of goodwill (note 6)	16,203	-	16,203	-	-	-
Provision for impairment of fixed assets	-	2,836	2,836	-	-	-
Provision for impairment of other intangible assets	-	843	843	-	-	-
Provision for impairment of an available-for-sale financial asset	-	-	-	3,304	-	3,304
Provision for closure costs	-	7,636	7,636	-	-	-
Loss on disposal of fixed assets	1,577	-	1,577	-	-	-
Exchange loss, net	9,282	952	10,234	2,252	-	2,252
Crediting:						
Dividend income from available-for-sale financial assets	1,424	-	1,424	1,176	-	1,176
Gain on disposal of a former subsidiary (note)	3,361	-	3,361	-	-	-
Gain on disposal of subsidiaries	-	-	-	509	-	509
Gain on disposal of fixed assets	-	-	-	1,776	-	1,776
Exchange gain, net	-	-	-	-	28	28

Note:

In January 2016, the Group recognised a gain upon completion of the disposal of its entire equity interest in a former subsidiary (deconsolidated in 2013) at a consideration of RMB3,060,000 (approximately HK$3,611,000) (note 5).

9 Finance costs, net

	2016			2015 (Restated)		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued Operations HK$'000	Total HK$'000
Interest and borrowing costs on bank loans	(56,211)	-	(56,211)	(70,677)	-	(70,677)
Interest on other loans	-	(1,830)	(1,830)	-	(1,897)	(1,897)
Bank interest income	3,912	-	3,912	6,117	-	6,117
Interest income/(expenses) on inter-company loans (note)	18,747	(18,747)	-	18,529	(18,529)	-
	(33,552)	(20,577)	(54,129)	(46,031)	(20,426)	(66,457)

Note:

Interest income and interest expenses amounted to HK$18,747,000 (2015: HK$18,529,000) and HK$18,747,000 (2015: HK$18,529,000) between the continuing operations and discontinued operations were eliminated on consolidation.

10 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 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:

	2016 HK$'000	2015 HK$'000
Overseas taxation	12,592	18,666
Under-provision in prior years	67	132
Deferred taxation	385	(1,118)
Taxation charge	13,044	17,680

11 Discontinued operations

In view of the television advertising market downturn and the tough regulatory environment, the Group has ceased the television operations which were mainly engaged in advertising sales in relation to satellite television channel operations and production of broadcasting programmes in Mainland China by the end of 2016. Accordingly, provision for closure costs of HK$7,636,000 has been made, of which none has been utilised, during the year ended 31 December 2016.

Analysis of the results of discontinued operations is as follows:

	2016 HK$'000	2015 HK$'000
Revenue	8,718	16,214
Operating costs	(33,003)	(48,697)
Provision for closure costs	(7,636)	-
Provision for impairment of fixed assets	(2,836)	-
Provision for impairment of other intangible assets	(843)	-
Finance costs	(20,577)	(20,426)
Loss before taxation from discontinued operations	(56,177)	(52,909)
Taxation	-	-
Loss for the year from discontinued operations	(56,177)	(52,909)
Attributable to:		
Non-controlling interests	74	(3,479)
Equity holders of the Company	(56,251)	(49,430)
	(56,177)	(52,909)

12 Dividends

No dividends had been paid or declared by the Company during the year (2015: Nil).

13 Loss per share

(a) Basic

Continuing operations

The calculation of basic loss per share is based on consolidated loss from continuing operations attributable to equity holders of the Company of HK$220,310,000 (2015 (restated): HK$165,044,000) and the weighted average of 3,893,270,558 (2015: 3,893,270,558) ordinary shares in issue during the year.

13 Loss per share (Continued)

(a) Basic (Continued)

Discontinued operations

The calculation of basic loss per share is based on consolidated loss from discontinued operations attributable to equity holders of the Company of HK$56,251,000 (2015 (restated): HK$49,430,000) and the weighted average of 3,893,270,558 (2015: 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 2016 (2015: Same).

14 Trade and other receivables

	2016 HK$'000	2015 HK$'000
Trade receivables	266,280	300,016
Prepayments, deposits and other receivables	290,500	320,589
	556,780	620,605

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

As at 31 December 2016 and 2015, the ageing analyses of the Group's trade receivables were as follows:

	2016 HK$'000	2015 HK$'000
Current	100,774	90,403
31-60 days	62,527	65,643
61-90 days	42,622	41,788
Over 90 days	123,294	168,263
	329,217	366,097
Less: Provision for impairment	(62,937)	(66,081)
	266,280	300,016

15 Trade and other payables

	2016 HK$'000	2015 HK$'000
Trade payables	102,080	121,424
Other payables and accruals	439,910	497,991
	541,990	619,415

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

As at 31 December 2016 and 2015, the ageing analyses of the Group's trade payables were as follows:

	2016 HK$'000	2015 HK$'000
Current	39,301	38,203
31-60 days	15,747	17,820
61-90 days	4,898	8,316
Over 90 days	42,134	57,085
	102,080	121,424

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 2016. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2016, save and except Code Provisions A.5 which is with respect to the nomination committee.

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.

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 2016.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries has 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.

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 announcement, 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.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

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

"Group" or "TOM Group"	means the Company and its subsidiaries
"HWL"	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares ceased to be listed on the Stock Exchange on 3 June 2015
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"Mainland" or "PRC"	means The People's Republic of China, excluding Hong Kong, Macau and Taiwan
"Media Business"	means two reportable operating segments of Publishing Group and Advertising Group
"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
"Technology Platform and Investments"	means three reportable operating segments of E-Commerce Group, Social Network Group and Mobile Internet Group; and investments in Fintech and Big Data Analytics sectors
"Ule" or "Ule Group"	means Ule Holdings Limited and its subsidiaries
"WeLab"	means WeLab Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability

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

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