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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 2017

CHAIRMAN'S STATEMENT

In 2017, TOM Group continues to invest in sectors of high growth potential such as e-commerce, fintech and advanced data analytics. During the year, gross revenue from the Group's Technology Platform and Investments was HK$108 million, a 7% increase year-on-year. The Group's Media Business, represented by Publishing and Advertising business units, recorded gross revenue of HK$855 million, a 9% drop from the previous year. For the year ended 31 December 2017, the Group's consolidated revenue from continuing operations was HK$961 million. Including share of loss from associated companies of HK$104 million, and impairments of goodwill, certain outdoor media assets and an investment security totalling HK$68 million, the Group's loss before net finance costs and taxation was HK$186 million. Loss attributable to shareholders was HK$242 million.

Ule (www.ule.com), a joint venture with China Post, continued to deliver strong operational key performance metrics during the review period. Ule handled GMV of RMB90.3 billion for the year ended 31 December 2017, with 461,000 participating retail stores in rural China having joined Ule's e-commerce platform. This compares to GMV of RMB78.5 billion and 337,000 participating retail outlets at the end of 2016. In September 2017, Ule entered into platform service fees agreement with China Post, initiating its path to monetisation. Ule will expand its B2B business to drive revenue growth going forward.

Pixnet, the Group's social network business, is one of the top three social media portals in Taiwan according to the Alexa ranking with about 6 million members, and an average of 6 million unique visitors per day during the year. Gross revenue of Pixnet was HK$78 million and segment profit was HK$6 million during the review period.

The Publishing Group maintained its market leadership position in a difficult operating environment for publishers generally in Taiwan. During the review period, gross revenue was broadly maintained at HK$763 million with segment profit of HK$45 million. This Group is seeking to diversify revenue streams in order to mitigate challenges facing traditional advertising markets.

During the period, the Group accelerated its restructuring efforts in outdoor media businesses and exited from non-performing subsidiaries. Although the gross revenue of Outdoor Media business decreased 58%, its loss narrowed 28% to HK$27 million.

Going forward, TOM Group will maintain strict financial and operating discipline whilst continuing to invest in technology platforms to create value for shareholders.

I would like to take this opportunity to thank the management and all the staff of the Group for their hard work and dedication.

Frank John Sixt
Chairman

Hong Kong, 15 March 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2017 HK$'000	2016 HK$'000
Continuing Operations:		
Consolidated revenue	960,513	1,034,606
Loss[1] before recovery/deconsolidation gains and goodwill and other assets impairment[2]	(132,713)	(177,421)
Goodwill and other assets impairment[2]	(67,608)	(16,203)
Loss attributable to equity holders of the Company		
- before discontinued operations	(242,274)	(220,310)
- after discontinued operations	(242,274)	(276,561)
Loss per share (HK cents)		
- before discontinued operations	(6.22)	(5.66)
- after discontinued operations	(6.22)	(7.10)

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

(2) 2017: Goodwill impairment totalling HK$45,097,000 was related to certain outdoor media operations under the Advertising Group and the C2C marketplace business under the E-Commerce Group (2016: HK$16,203,000 on outdoor media operations under the Advertising Group). Other assets impairment arose from an available-for-sale financial asset of HK$12,243,000 (2016: Nil) held by the Mobile Internet Group and certain fixed and intangible assets of an outdoor media operation under the Advertising Group totalling HK$10,268,000 (2016: Nil)

BUSINESS REVIEW

In 2017, TOM Group continued to make significant progress in its paradigm shift from traditional media business operations to technology centric investments. During the reporting period, our e-commerce operations and investments in fintech and advanced data analytics platforms continued to gather growth momentum. Our e-commerce business has started monetisation. Gross revenue from the Group's Technology Platform and Investments amounted to HK$108 million, representing a 7% increase year-on-year.

Meanwhile, the Group accelerated efforts in restructuring its traditional media business and exited from several non-performing outdoor media subsidiaries. The Group's Media Business recorded gross revenue of HK$855 million, a 9% drop from a year earlier.

As several investments of the Group have successfully concluded their fundraising rounds, together with increase in fair value of other businesses across our portfolio, the Group recorded a revaluation surplus of HK$363 million for the year.

Technology Platform and Investments – impressive growth and expansion

During the year, the Group's investments recorded significant growth and rapid development.

In 2014, TOM Group invested in WeLab, a fast growing fintech company offering online and seamless mobile finance services in Hong Kong and China. In 2016, WeLab was named in a KPMG-sponsored report as one of the top 100 fintech companies in the world - #6 in China and #33 globally. In 2017, WeLab was ranked by Deloitte as #1 fastest growing tech company by revenue in Hong Kong and #4 in China. WeLab's user base grew significantly, reaching 27 million users at the end of 2017. In November 2017, WeLab announced that it has completed a Series B+ fundraising round, raising a total of US$220 million in strategic equity and debt from a group of world class investors.

Rubikloud, an intelligent decision automation platform for retail which TOM Group invested in January 2015, has continued to grow rapidly during the calendar year by more than doubling its revenue growth. In December 2017, the company raised a Series B round of US$37 million to accelerate its product roadmap and global expansion led by Intel Capital with participation from iNovia Capital and OTEAF along with previous investors. With its valuable data analytics and intelligence, Rubikloud is able to help its existing retail clients to make an average of around 30% improvements in inventory stockouts and forecasting revenue across all categories of goods. Going forward, Rubikloud will continue to grow its client base including partnerships with world renowned technology giants.

Ule, our e-commerce joint venture with China Post, remained on course to deliver strong operating results. As at the end of 2017, there were about 461,000 participating rural retail stores on the Ule's e-commerce platform. Ule has been able to revolutionise retail business in rural China by connecting these retail stores into an advanced data-enabled, real-time responsive, and offline-to-online New Retail network. For store owners, Ule provides them with a wide selection of good quality authentic products at a lower price. For brand suppliers, Ule helps them reduce multi-layer distribution with better channel and inventory management. For consumers, Ule offers abundance of good quality and reasonably priced products.

According to information provided by Ule, its GMV for the year was RMB90.3 billion as at the end of December in 2017. Benefitting from growth opportunities in the Mainland due to government policies directed towards the development of rural e-commerce and the rural economy, Ule has been growing rapidly and has commenced monetisation in September 2017. B2B business is an untapped market with huge potential for e-commerce players in China. During the review period, Ule saw progressive growth in its B2B GMV which is becoming a significant source of revenue. Going forward, Ule will continue to ramp up its B2B business and expand its network coverage across China whilst partnering with strategic players to offer various services, including rural finance and advanced data marketing analytics, to store and brand owners respectively.

During the review period, Pixnet, our Social Network business in Taiwan, reported gross revenue of HK$78 million, a 10% increase year-on-year. Segment profit reduced from HK$11 million to HK$6 million as Pixnet reinvested its profits to drive further growth for the business. Pixnet is currently amongst the top three social media portals in Taiwan with about 6 million members and an average of 6 million unique visitors per day during the year.

Media Business – maintain leadership in Taiwan Publishing; fast-track restructuring in Outdoor Media business

The Group's traditional publishing business maintained its leadership position and continued to build resilience against a difficult operating environment for publishers generally in Taiwan. Gross revenue recorded a slight 3% drop to HK$763 million and segment profit decreased 28% to HK$45 million correspondingly. Going forward, this business group will continue to strengthen its presence in the digital publishing arena and leverage on the well-established "Business Weekly" and "Cite" brands with premium content resources to further expand revenue streams beyond traditional advertising.

During the year, our Outdoor Media business accelerated its restructuring efforts and exited from several non-performing units in Shandong and Henan. As a result, gross revenue of Outdoor Media business decreased 58% and its loss narrowed 28% to HK$27 million.

Concluding Remarks – Unleashing value of investments

As the Group continued repositioning of existing businesses and embarking on its growth trajectory in technology sectors, it has started to unleash the value of its investments. For the year ended 31 December 2017, the Group's revenue from continuing operations was HK$961 million. Including share of loss from associated companies of HK$104 million, and impairments of goodwill, certain outdoor media assets and an investment security totalling HK$68 million, the Group's loss before net finance costs and taxation was HK$186 million. Loss attributable to shareholders was HK$242 million. The Group also recognised revaluation surplus in reserve, including share of associate's surplus, of HK$363 million on the Group's investment portfolio.

Going forward, the Group will continue to invest in growing its technology platform and businesses whilst remain vigilant in maintaining those 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 for the year ended 31 December 2017 amounted to HK$961 million, a 7% decrease from last year, with continual 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 tough traditional advertising market conditions in Mainland China and Taiwan.

Segmental Results

The segmental profit/loss refers to profit/loss before finance costs and taxation, provision for impairment of goodwill and other assets, recovery/deconsolidation gains and share of results of investments accounted for using the equity method.

The Group continued to focus on its investment in the e-commerce business in Mainland China through Ule Group, a material associate of the Group, which results were equity accounted for by the Group. The segment results of the E-Commerce Group were largely related to the subsidiaries which invest and support Ule Group.

Although the Mobile Internet Group reported 15% lower gross revenue to HK$21 million, segment loss was narrowed by 63% from HK$16 million last year to HK$6 million. This Group has realigned its priority in strategically investing in selected technology-centric businesses.

The Social Network Group continued to invest during the year to grow its business. It recorded a 10% revenue growth to reach gross revenue of HK$78 million. The segment profit is HK$6 million, a 44% year-on-year decrease, as a result of the re-investment as mentioned.

The Publishing Group maintained its market leadership position in Taiwan with reported gross revenue of HK$763 million and segment profit of HK$45 million, 3% and 28% lower than that of last year respectively, under the challenging operating environment of traditional publishing business.

The Advertising Group reported 38% lower gross revenue of HK$92 million. Segment loss narrowed by 37% from HK$40 million last year to HK$25 million, reflecting the Group's effort in optimising the traditional advertising business portfolio and exiting from certain non-performing outdoor media businesses.

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 cautiously 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 for the year amounted to HK$186 million, similar to last year's HK$184 million. Excluding the provision for impairment of goodwill and other assets of HK$68 million (2016: HK$16 million) and non-recurring gain from a recovery from an investment of HK$15 million (2016: gain on deconsolidation of a subsidiary of HK$10 million), the loss before finance costs and taxation was HK$133 million, narrowed by 25% from last year's HK$177 million.

The goodwill and other assets impairment of HK$68 million reflected management's conservative judgement as to the values of certain outdoor media operations facing deteriorating market conditions, C2C marketplace e-commerce business operated under competitive environment and an investment in a German-based peer-to-peer insurance platform.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company for the year amounted to HK$242 million, compared to last year's HK$277 million (which included the loss from discontinued operations of HK$56 million).

Investment Revaluation Reserve

In 2017, the Group recognised revaluation surplus in reserve, including share of associate's surplus, of HK$363 million on the Group's investment portfolio.

Liquidity and Financial Resources

As at 31 December 2017, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK$423 million. A total of HK$3,468 million financing facilities were available, of which HK$2,883 million, or 83%, had been utilised as at 31 December 2017, to finance the Group's investment, capital expenditures and for working capital purposes.

In December 2017, the Company had entered into a new facility agreement with six 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 finance the general corporate funding requirements of the Group (including to refinance the existing indebtedness and the provision of a source of funding to support the Group's investments).

The principal of the total borrowings of TOM Group amounted to approximately HK$2,883 million as at 31 December 2017, of which HK$2,687 million and HK$196 million equivalent is denominated in Hong Kong dollar and New Taiwan dollar respectively. The borrowings included long-term bank loans of approximately HK$2,844 million (including portion repayable within one year), and short-term bank loans of approximately HK$39 million. All bank loans bore floating interest rates. The gearing ratio (Total principal amount of bank borrowings/(Total principal amount of bank borrowings + Equity)) of TOM Group was 97% as at 31 December 2017, below 104% as at 31 December 2016.

As at 31 December 2017, the Group had net current assets of approximately HK$409 million, 3% higher than the balance of approximately HK$396 million as at 31 December 2016. As at 31 December 2017, the current ratio (Current assets/Current liabilities) of TOM Group was 1.62, slightly above 1.61 as at 31 December 2016.

In 2017, net cash generated from operating activities after interest and taxation paid increased to HK$25 million. Net cash outflow used in investing activities was HK$173 million, mainly included capital expenditures of HK$111 million and a share subscription in an associated company of HK$94 million; partially offset by net proceed on a recovery from an investment of HK$22 million and dividends received of HK$9 million. During the year, net cash inflow from financing activities amounted to HK$170 million, mainly included drawdown of bank loans, net of repayment, of HK$198 million, partially offset by payment of loan arrangement fee of HK$27 million and dividends paid to non-controlling interests of subsidiaries of HK$1 million.

Charges on Group Assets

As at 31 December 2017, the Group had restricted cash amounting to HK$7 million, being bank deposits mainly pledged 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 in Taiwan, and also the courts for legal proceedings in Mainland China.

Contingent Liabilities

As at 31 December 2017, 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 2017, TOM Group had approximately 1,500 full-time employees (excluding approximately 500 full-time employees of Ule, an associated company of TOM). Employee costs, excluding Directors' emoluments, totalled HK$365 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 2017 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 provision for impairment of goodwill and other assets, gain on recovery of an investment or deconsolidation of a subsidiary, 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 2017

	Note	2017 HK$'000	2016 HK$'000
Continuing operations			
Revenue	2	960,513	1,034,606
Cost of sales		(588,122)	(646,473)
Selling and marketing expenses		(154,872)	(154,515)
Administrative expenses		(106,804)	(110,690)
Other operating expenses		(148,764)	(164,804)
Other gains/(losses), net		24,575	(6,074)
		(13,474)	(47,950)
Gain on deconsolidation of a subsidiary	3	-	9,632
Provision for impairment of goodwill and other assets	4	(67,608)	(16,203)
		(81,082)	(54,521)
Share of profits less losses of investments accounted for using the equity method	5	(104,434)	(129,471)
Loss before net finance costs and taxation	6	(185,516)	(183,992)
Finance income		3,250	3,912
Finance costs		(63,573)	(37,464)
Finance costs, net	7	(60,323)	(33,552)
Loss before taxation		(245,839)	(217,544)
Taxation	8	(8,419)	(13,044)
Loss for the year from continuing operations		(254,258)	(230,588)
Discontinued operations			
Loss for the year from discontinued operations	9	-	(56,177)
Loss for the year		(254,258)	(286,765)
Loss for the year attributable to:			
- Non-controlling interests		(11,984)	(10,204)
- Equity holders of the Company		(242,274)	(276,561)
		(254,258)	(286,765)
Loss for the year attributable to equity holders of the Company			
- From continuing operations		(242,274)	(220,310)
- From discontinued operations		-	(56,251)
		(242,274)	(276,561)
Loss per share attributable to equity holders of the Company during the year			
Basic and diluted	11		
- From continuing operations		HK(6.22) cents	HK(5.66) cents
- From discontinued operations		-	HK(1.44) cents
		HK(6.22) cents	HK(7.10) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 HK$'000	2016 HK$'000
Loss for the year	(254,258)	(286,765)
Item that will not be reclassified subsequently to income statement:		
Remeasurement of defined benefit plans	6,292	(5,056)
Items that may be subsequently reclassified to income statement:		
Revaluation surplus of available-for-sale financial assets	301,488	-
Recycle of available-for-sale financial assets reserve	(9,883)	-
Share of revaluation surplus through other comprehensive income from an associated company	103,966	-
Exchange translation differences	32,574	(42,981)
	428,145	(42,981)
Other comprehensive income/(expense) for the year, net of tax	434,437	(48,037)
Total comprehensive income/(expense) for the year	180,179	(334,802)
Total comprehensive income/(expense) for the year attributable to:		
- Non-controlling interests	42,241	(12,208)
- Equity holders of the Company	137,938	(322,594)
Total comprehensive income/(expense) for the year attributable to equity holders of the Company:		
- From continuing operations	137,938	(270,981)
- From discontinued operations	-	(51,613)
	137,938	(322,594)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		46,547	65,508
Goodwill		580,556	621,064
Other intangible assets		129,651	75,829
Investments accounted for using the equity method	5	1,333,592	1,242,609
Available-for-sale financial assets		357,642	79,671
Advance to an investee company		-	2,191
Deferred tax assets		39,999	36,980
Other non-current assets		3,497	9,323
		2,491,484	2,133,175
Current assets			
Inventories		121,490	107,077
Trade and other receivables	12	513,641	556,780
Restricted cash		7,099	7,488
Cash and cash equivalents		423,457	377,180
		1,065,687	1,048,525
Current liabilities			
Trade and other payables	13	559,101	541,990
Taxation payable		19,317	19,416
Long-term bank loans – current portion		39,195	62,293
Short-term bank loans		39,195	28,517
		656,808	652,216
Net current assets		408,879	396,309
Total assets less current liabilities		2,900,363	2,529,484
Non-current liabilities			
Deferred tax liabilities		8,566	8,833
Long-term bank loans – non-current portion		2,782,835	2,579,013
Pension obligations		31,478	41,610
		2,822,879	2,629,456
Net assets/(liabilities)		77,484	(99,972)
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		389,328	389,328
Deficits		(659,796)	(797,709)
Own shares held		(6,244)	(6,244)
		(276,712)	(414,625)
Non-controlling interests		354,196	314,653
Total equity/(deficit)		77,484	(99,972)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	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 2017	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)
Comprehensive income:													
Loss for the year	-	-	-	-	-	-	-	-	-	(242,274)	(242,274)	(11,984)	(254,258)
Other comprehensive income:													
Remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	-	6,000	6,000	292	6,292
Revaluation surplus on available-for-sale financial assets	-	-	-	-	-	-	269,650	-	-	-	269,650	31,838	301,488
Recycle of available-for-sale financial assets reserve	-	-	-	-	-	-	(9,883)	-	-	-	(9,883)	-	(9,883)
Share of revaluation surplus through other comprehensive income from an associated company	-	-	-	-	-	-	93,571	-	-		93,571	10,395	103,966
Exchange translation differences	-	-	-	-	-	-	-	20,874	-	-	20,874	11,700	32,574
Total comprehensive income/(expense) for the year ended 31 December 2017	-	-	-	-	-	-	353,338	20,874	-	(236,274)	137,938	42,241	180,179
Transactions with equity holders:													
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(840)	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,883)	(1,883)
Acquisition of additional interests in a subsidiary	-	-	-	(25)	-	-	-	-	-	-	(25)	25	-
Transfer to general reserve	-	-	-	-	-	3,258	-	-	-	(3,258)	-	-	-
Transactions with equity holders	-	-	-	(25)	-	3,258	-	-	-	(3,258)	(25)	(2,698)	
Balance at 31 December 2017	389,328	(6,244)	3,625,981	(75,079)	776	161,668	364,355	716,197	6,096	(5,459,790)	(276,712)	354,196	77,484

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	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)

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.

Notwithstanding the net assets position as at 31 December 2017, 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. 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 2017.

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 was re-positioned as a media and technology company, which resulted in some changes of reportable operating segments. The provision of services of online community and social networking websites and related online advertising were 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 were aggregated and reported as an operating segment, namely Advertising Group.

By the end of 2016, the Group ceased the television operations which were 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 9 to this consolidated financial information.

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 2017 are as follows:

	Year ended 31 December 2017							
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Social Network Group HK$'000	Sub-total HK$'000	Publishing Group HK$'000	Advertising Group HK$'000	Sub-total HK$'000	Total HK$'000
Gross segment revenue	8,893	21,196	77,550	107,639	763,124	92,028	855,152	962,791
Inter-segment revenue	-	-	(1,555)	(1,555)	(18)	(705)	(723)	(2,278)
Net revenue from external customers	8,893	21,196	75,995	106,084	763,106	91,323	854,429	960,513
Segment profit/(loss) before amortisation and depreciation	2,160	(4,710)	8,489	5,939	155,761	(14,352)	141,409	147,348
Amortisation and depreciation	-	(1,295)	(2,060)	(3,355)	(110,905)	(11,128)	(122,033)	(125,388)
Segment profit/(loss)	2,160	(6,005)	6,429	2,584	44,856	(25,480)	19,376	21,960
Other material items:								
Provision for impairment of goodwill and other assets	(20,441)	(12,243)	-	(32,684)	-	(34,924)	(34,924)	(67,608)
Share of profits less losses of investments accounted for using the equity method	(108,040)	1,207	-	(106,833)	2,399	-	2,399	(104,434)
	(128,481)	(11,036)	-	(139,517)	2,399	(34,924)	(32,525)	(172,042)
Finance costs:								
Finance income (note a)	4	1,960	26	1,990	4,974	826	5,800	7,790
Finance expenses (note a)	-	-	(38)	(38)	(3,227)	-	(3,277)	(3,265)
	4	1,960	(12)	1,952	1,747	826	2,573	4,525
Segment profit/(loss) before taxation	(126,317)	(15,081)	6,417	(134,981)	49,002	(59,578)	(10,576)	(145,557)
Unallocated corporate expenses								(100,282)
Loss before taxation								(245,839)
Expenditure for operating segment non-current assets	-	2,691	2,112	4,803	153,049	30	153,079	157,882
Unallocated expenditure for non-current assets								24
Total expenditure for non-current assets								157,906

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK$4,553,000 and HK$38,000 were included in the finance income and finance expenses respectively.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2017 are as follows:

	As at 31 December 2017							
	Technology Platform and Investments				Media Business			
	E-Commerce Group	Mobile Internet Group	Social Network Group	Sub-total	Publishing Group	Advertising Group	Sub-total	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	85,181	629,769	45,344	760,294	1,249,684	166,177	1,415,861	2,176,155
Investments accounted for using the equity method	1,322,629	6,063	-	1,328,692	4,900	-	4,900	1,333,592
Unallocated assets								47,424
Total assets								3,557,171
Segment liabilities	23,736	61,342	19,279	104,357	354,443	59,542	413,985	518,342
Unallocated liabilities:								
Corporate liabilities								72,237
Current taxation								19,317
Deferred taxation								8,566
Borrowings								2,861,225
Total liabilities								3,479,687

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

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

For the year ended 31 December 2016, 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 Provision for impairment of goodwill and other assets

	2017 HK$'000	2016 HK$'000
Under continuing operations, provision for impairment in respect of:		
Goodwill (note a)	45,097	16,203
An available-for-sale financial asset (note b)	12,243	-
Fixed and intangible assets (note c)	10,268	-
	67,608	16,203

Notes:

(a) The provision for impairment of goodwill made for the year ended 31 December 2017 was related to certain outdoor media operations under the Advertising Group and the customer-to-customer ("C2C") marketplace business under the E-Commerce Group (2016: outdoor media operations under the Advertising Group). The provision for impairment of goodwill was made with reference to the reduced estimated recoverable values of certain cash-generating units in the above-mentioned segments. The estimated recoverable values were determined based on higher of value-in-use calculation according to financial budgets approved by management or fair value less costs of disposal calculation.

(b) The provision of impairment of an available-for-sale financial asset held by the Mobile Internet Group for the year ended 31 December 2017 (2016: Nil) was made with reference to the reduced estimated recoverable value. The estimated recoverable value was determined based on the fair value less costs of disposal of the relevant asset.

(c) The provision for impairment of certain fixed and intangible assets of an outdoor media operation under the Advertising Group for the year ended 31 December 2017 (2016: Nil) was made with reference to the reduced estimated recoverable value of the relevant cash-generating unit. The estimated recoverable value was determined based on the fair value less costs of disposal.

5 Investments accounted for using the equity method

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

	2017 HK$'000	2016 HK$'000
Associated companies, as at 31 December	1,333,592	1,242,609

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

	2017 HK$'000	2016 HK$'000
Associated companies, for the year ended 31 December	(104,434)	(129,471)

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) were reserved, of which 43.71% of the Ule Share Incentive Options representing 43,711,860 shares ("Ule Major Shareholder Options") were 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") were 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 at 31 December 2017, as if the Ule Share Incentive Options are all granted, fully vested and exercised, Ule Holdings would be held as to 43.08%, 38.75%, 13.18% and 4.99% 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 was 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. 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. As at 31 December 2017 and 2016, Ule Major Shareholder Options are not yet exercisable as the Qualified IPO has not occurred.

In October 2017, a total of 4,765,000 options under the Ule Other Options were granted. The options that were granted carried a Qualified IPO performance of Ule Holdings and service condition that affect vesting. As at 31 December 2017, the Qualified IPO performance condition is yet to be satisfied. As the options only vest upon a Qualified IPO, Ule Holdings did not recognise any share-based compensation expense for the year then ended. No outstanding options granted under the Ule Other Options were vested as at 31 December 2017. All the outstanding options will be expired in October 2027.

6 Loss before net finance costs and taxation

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

	2017			2016		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued Operations HK$'000	Total HK$'000
Charging:						
Depreciation	26,203	-	26,203	34,711	1,838	36,549
Amortisation of other intangible assets	101,216	-	101,216	102,269	836	103,105
Provision for impairment of goodwill (note 4)	45,097	-	45,097	16,203	-	16,203
Provision for impairment of fixed assets (note 4)	10,013	-	10,013	-	2,836	2,836
Provision for impairment of other intangible assets (note 4)	255	-	255	-	843	843
Provision for impairment of an available-for-sale financial asset (note 4)	12,243	-	12,243	-	-	-
Provision for closure costs	-	-	-	-	7,636	7,636
Loss on disposal of fixed assets	29	-	29	1,577	-	1,577
Exchange loss, net	-	-	-	9,282	952	10,234
Crediting:						
Dividend income from available-for-sale financial assets	1,406	-	1,406	1,424	-	1,424
Dividend income from a former subsidiary	4,789	-	4,789	-	-	-
Recovery of an investment (note a)	14,805	-	14,805	-	-	-
Gain on disposal of subsidiaries (note b)	1,895	-	1,895	-	-	-
Gain on disposal of a former subsidiary (note c)	-	-	-	3,361	-	3,361
Reversal of over-accrued provision for closure costs	1,573	-	1,573	-	-	-
Exchange gain, net	136	-	136	-	-	-

Notes:

(a) The amount represented the cash recovery of an investment in December 2017, net of the carrying value of the investment. After the recovery, the carrying value of that investment became nil.

(b) In March 2017, a subsidiary of the Advertising Group entered into an agreement to dispose its entire interests in two subsidiaries engaging in outdoor media business in Shandong, at a consideration of RMB1,000,000 (approximately HK$1,130,000). Upon the disposal of equity interests in the two subsidiaries, a consideration payable of RMB2,500,000 (approximately HK$2,825,000) was written back. As a result, a gain on disposal amounting to approximately HK$1,186,000 (include the write-back of consideration payable) was recognised in the consolidated income statement for the year ended 31 December 2017.

In December 2017, a subsidiary of the Publishing Group entered into an agreement to dispose its 80% interest in a subsidiary engaging in online games platform business in Taiwan, at a consideration of NT$15,000,000 (approximately HK$3,920,000). Upon completion of the partial disposal of the subsidiary, that subsidiary became an associated company of the Group. A gain on partial disposal amounting to approximately HK$709,000 was recognised in the consolidated income statement for the year ended 31 December 2017.

(c) 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).

7 Finance costs, net

	2017			2016		
	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	(63,573)	-	(63,573)	(56,211)	-	(56,211)
Interest on other loans	-	-	-	-	(1,830)	(1,830)
Bank interest income	3,250	-	3,250	3,912	-	3,912
Interest income/(expenses) on inter-company loans (note)	-	-	-	18,747	(18,747)	-
	(60,323)	-	(60,323)	(33,552)	(20,577)	(54,129)

Note:

For the year ended 31 December 2016, interest income and interest expenses amounted to HK$18,747,000 and HK$18,747,000 between the continuing operations and discontinued operations were eliminated on consolidation.

8 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 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:

	2017 HK$'000	2016 HK$'000
Overseas taxation	8,767	12,592
Under-provision in prior years	820	67
Deferred taxation	(1,168)	385
Taxation charge	8,419	13,044

9 Discontinued operations

In view of the television advertising market downturn and the tough regulatory environment, the Group 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 was made in December 2016, of which HK$4,408,000 and HK$1,573,000 was utilised and written back respectively during the year ended 31 December 2017.

Analysis of the results of discontinued operations for the year ended 31 December 2016 is as follows:

	HK$'000
Revenue (note 2)	8,718
Operating costs	(33,003)
Provision for closure costs	(7,636)
Provision for impairment of fixed assets	(2,836)
Provision for impairment of other intangible assets	(843)
Finance costs (note 7)	(20,577)
Loss before taxation from discontinued operations	(56,177)
Taxation	-
Loss for the year from discontinued operations	(56,177)
Attributable to:	
Non-controlling interests	74
Equity holders of the Company	(56,251)
	(56,177)

10 Dividends

No dividends had been paid or declared by the Company during the year (2016: Nil).

11 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$242,274,000 (2016: HK$220,310,000) and the weighted average of 3,893,270,558 (2016: 3,893,270,558) ordinary shares in issue during the year.

11 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$Nil (2016: HK$56,251,000) and the weighted average of 3,893,270,558 (2016: 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 2017 (2016: Same).

12 Trade and other receivables

	2017 HK$'000	2016 HK$'000
Trade receivables	246,964	266,280
Prepayments, deposits and other receivables	266,677	290,500
	513,641	556,780

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 180 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 2017 and 2016, the ageing analyses of the Group's trade receivables were as follows:

	2017 HK$'000	2016 HK$'000
Current	82,812	100,774
31 – 60 days	77,891	62,527
61 – 90 days	41,310	42,622
Over 90 days	108,128	123,294
	310,141	329,217
Less: Provision for impairment	(63,177)	(62,937)
	246,964	266,280

13 Trade and other payables

	2017 HK$'000	2016 HK$'000
Trade payables	142,251	102,080
Other payables and accruals, and receipts in advance	416,850	439,910
	559,101	541,990

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

As at 31 December 2017 and 2016, the ageing analyses of the Group's trade payables were as follows:

	2017 HK$'000	2016 HK$'000
Current	45,917	39,301
31 – 60 days	16,745	15,747
61 – 90 days	7,290	4,898
Over 90 days	72,299	42,134
	142,251	102,080

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 2017. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 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 throughout the year ended 31 December 2017, 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 2017.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2017, 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

The Board confirms that the public float of the Company remains to be 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.

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 is approximately 23.955%, which is 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
"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)
"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
"GMV"	means Gross Merchandise Value, the total value of all orders handled or processed through Ule Group's platform which includes 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 Advanced data Analytics sectors
"Ule"	means Ule Holdings Limited
"Ule Group"	means Ule and its subsidiaries, a material associate of the Company which undertakes an e-Commerce business in PRC and from time to time raises funds for its growing business
"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)