

2017

INTERIM  
REPORT



TOM Group Limited

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

# Contents

2	Definitions
4	Corporate Information
5	Chairman’s Statement
6	Management’s Discussion and Analysis
11	Independent Review Report
12	Interim Financial Information
20	Notes to the Condensed Consolidated Interim Financial Information
41	Disclosure of Interests
45	Corporate Governance
46	Other Information

## 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 Corporate Governance Code as set 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 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

## Definitions

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means the main board of the Stock Exchange
“Mainland” or “PRC”	means The People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“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

# Corporate Information

## Board of Directors

*Chairman*

Frank John Sixt

*Executive Directors*

Yeung Kwok Mung

Mak Soek Fun, Angela

*Non-executive Directors*

Chang Pui Vee, Debbie

Lee Pui Ling, Angelina

*Independent Non-executive  
Directors*

Cheong Ying Chew, Henry

James Sha

Ip Yuk-keung, Albert

*Alternate Director*

Lai Kai Ming, Dominic

*(Alternate to Frank John Sixt)*

## Company Secretary

Mak Soek Fun, Angela

## Authorised Representatives

Yeung Kwok Mung

Mak Soek Fun, Angela

## Audit Committee

Cheong Ying Chew, Henry

*(Committee Chairman)*

James Sha

Lee Pui Ling, Angelina

Ip Yuk-keung, Albert

## Remuneration Committee

Cheong Ying Chew, Henry

*(Committee Chairman)*

Frank John Sixt

Ip Yuk-keung, Albert

Lai Kai Ming, Dominic

*(Alternate to Frank John Sixt)*

## Auditor

PricewaterhouseCoopers

## Registered Office

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

## Head Office and Principal Place of Business

Rooms 1601-05, 16/F

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

Tel: (852) 2121 7838

Fax: (852) 2186 7711

## Principal Share Registrar

Maples Corporate Services Limited

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

## Branch Share Registrar

Computershare Hong Kong

Investor Services Limited

Rooms 1712–1716, 17/F.

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

## Principal Bankers

The Hongkong and Shanghai

Banking Corporation Limited

Industrial and Commercial Bank of

China (Asia) Limited

Bank of China (Hong Kong) Limited

DBS Bank Ltd., Hong Kong Branch

Citibank, N.A., Hong Kong Branch

United Overseas Bank Limited

## Website Address

[www.tomgroup.com](http://www.tomgroup.com)

## Stock Code

2383

## Chairman's Statement

For the six months ended 30 June 2017, the Group continued to focus on its strategic transformation and realignment of priorities to invest in e-commerce, fintech and big data analytics sectors. The Group reported revenue from continuing operations of HK\$456 million. Gross revenue from the Group's Technology Platform and Investments was HK\$53 million. The Group's Media Business, represented by Publishing and Advertising business units, recorded gross revenue of HK\$404 million. Including share of loss from associated companies of HK\$58 million and non-recurring impairment charges of HK\$22 million, the Group's loss before net finance costs and taxation was HK\$111 million. Loss attributable to shareholders was HK\$138 million.

Ule ([www.ule.com](http://www.ule.com)), a joint venture with China Post, continued its growth momentum and delivered operational performance metrics during the review period. Ule reported an increase in its GMV to over RMB47 billion and as at the end of June 2017, with more than 400,000 retail stores in rural China on Ule's e-commerce platform.

Pixnet, the Group's social network business, experienced steady growth during the period. Gross revenue increased 8% to HK\$37 million with segment profit of HK\$2 million.

Amidst tough operating environment in Taiwan, the Publishing Group maintained its market leadership position in traditional publishing. During the period, gross revenue was HK\$359 million with segment profit of HK\$21 million.

The Group's traditional advertising business in Mainland China continued to be adversely affected by the deteriorating market conditions and certain government town planning initiatives. During the period, the Group accelerated its restructuring efforts in traditional media businesses and exited from certain non-performing business units. Gross revenue of our Advertising Group was HK\$46 million and segment loss was HK\$19 million.

Going forward, TOM Group will continue to streamline its cost with prudent financial and operating discipline, invest in technology businesses and accelerate the restructuring of its traditional advertising business portfolio in the second half of 2017.

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, 2 August 2017

# Management's Discussion and Analysis

## Financial Highlights

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000 (Restated)*
Continuing Operations:		
Consolidated revenue	455,781	510,289
Loss <sup>(1)</sup> before impairment charges <sup>(2)</sup>	(88,867)	(81,332)
Assets impairment <sup>(2)</sup>	(22,249)	–
Loss attributable to equity holders of the Company		
– before discontinued operations	(138,305)	(104,032)
– after discontinued operations	(138,305)	(129,067)
Loss per share (HK cents)		
– before discontinued operations	(3.55)	(2.67)
– after discontinued operations	(3.55)	(3.32)

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

<sup>(2)</sup> 2017: Provision for impairment of an available-for-sale financial asset (HK\$12,243,000) held by the Mobile Internet Group and impairment of certain fixed assets (HK\$10,006,000) of the outdoor media operation under the Advertising Group

\* By the end of 2016, 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. As a result, the condensed consolidated interim financial information for the first half of 2016 had been restated accordingly to conform with the current period presentation

# Management's Discussion and Analysis

## Business Review

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During the reporting period, TOM Group continued its strategic transformation journey and attained steady progress in its high growth and technology-centric investments to create value for the Company. Gross revenue from the Group's Technology Platform and Investments was HK\$53 million, a slight increase from the previous period. Meanwhile, the Group continued to restructure its Media Business which recorded gross revenue of HK\$404 million with segment profit of HK\$2 million amid tough operating environment in traditional advertising market.

### ***Technology Platform and Investments – continue growth trajectory with impressive results***

The Group is pleased with the swift growth and development of its major investments which delivered promising results during the period.

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. WeLab experienced tremendous top-line growth in first half of 2017, growing 5 times compared to first half of 2016. WeLab has facilitated more than US\$1.4 billion in loans since its inception in 2013. Similar to its loan portfolio growth, WeLab's user base grew significantly, reaching 20 million users. During this period, WeLab launched a strategic partnership with Postal Savings Bank of China to provide mobile lending solutions to its customers through its extensive network of more than 40,000 branches. WeLab plans to extend its reach further by launching more partnerships with banks going forward. Meanwhile, in Hong Kong, WeLab showcases its use of technology to improve the borrowing experience when it launched the Artificial Intelligence Balance Transfer product, the first AI-powered loan product in the market.

Rubikloud, a machine learning platform for retail which TOM Group invested in 2015, has continued to grow rapidly during the review period. The company has been winning large retail deals across the world, including a major project with *A.S. Watson* and a contract with a US\$5.5 billion beauty retailer *Ulta Beauty*, utilising its machine learning products and services. 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 cooperation with world renowned technology giants. The company is on track to double its revenue for a third straight year.

Ule, our e-commerce joint venture with China Post, continued to record strong operating performance. During the review period, more than 400,000 retail stores in rural China have joined Ule's e-commerce platform. According to information provided by Ule, its GMV exceeded RMB47 billion by the end of June in 2017.



# Management's Discussion and Analysis

During the review period, the Group continued to invest in growing Pixnet, our Social Network business. Pixnet is amongst the top social media portals in Taiwan with 5.9 million members and 6.2 million unique visitors per day. Gross revenue of Pixnet increased 8% to HK\$37 million and segment profit was HK\$2 million during the review period when it continued to reinvest its profits to grow the business.

## ***Media Business – maintaining leadership in publishing operation; accelerating restructuring efforts on traditional advertising business***

The Group's traditional publishing business maintained its market leadership position in Taiwan and showed resilience amid tough operating environment during the review period. Gross revenue and segment profit was HK\$359 million and HK\$21 million respectively.

During the period, the Group restructured its traditional advertising business portfolio and discontinued some non-performing outdoor media businesses to reduce loss. Our total available outdoor media assets reduced 35% to about 37,000 square metres. Overall, the Group's Advertising business recorded gross revenue of HK\$46 million and segment loss of HK\$19 million.

For the six months ended 30 June 2017, the Group's revenue from continuing operations was HK\$456 million. During the review period, the Group has made an impairment of its investment in a German-based peer-to-peer insurance platform in view of its lower valuation. Including share of loss from associated companies of HK\$58 million and impairments of certain outdoor media assets and investment securities totalling HK\$22 million, the Group's loss before net finance costs and taxation was HK\$111 million. Loss attributable to shareholders was HK\$138 million.

Going forward, the Group will continue to invest in technology businesses and create long-term value for our shareholders.

## **Liquidity and Financial Resources**

As at 30 June 2017, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$373 million. A total of HK\$3,509 million financing facilities were available, of which HK\$2,735 million, or 78%, had been utilised as at 30 June 2017, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK\$2,735 million as at 30 June 2017, of which HK\$2,526 million and HK\$209 million equivalent is denominated in Hong Kong dollar and New Taiwan dollar respectively. The borrowings included long-term bank loans of approximately HK\$2,674 million (including portion repayable within one year) and short-term bank loans of approximately HK\$61 million. All bank loans bore floating interest rates. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 109% as at 30 June 2017, compared to 104% as at 31 December 2016.

# Management's Discussion and Analysis

As at 30 June 2017, the Group had net current assets of approximately HK\$378 million, as compared to balance of approximately HK\$396 million as at 31 December 2016. As at 30 June 2017, the current ratio (Current assets/Current liabilities) of TOM Group was 1.60, at similar level of 1.61 as at 31 December 2016.

For the first six months of 2017, net cash used in operating activities after interest and taxation paid was HK\$16 million, 43% lower than HK\$29 million for the same period of 2016. Net cash used in investing activities was HK\$46 million, mainly included capital expenditures of HK\$50 million; partially offset by net proceeds from disposal of subsidiaries of HK\$1 million and dividends received of HK\$3 million.

## Charges on Group Assets

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As at 30 June 2017, the Group had restricted cash amounting to HK\$8 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

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As at 30 June 2017, the Group had no significant contingent liabilities.

## Subsequent Events

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There is no subsequent event after the reporting period which has material impact to the condensed consolidated interim financial information of the Group.

## Foreign Exchange Exposure

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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

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As at 30 June 2017, TOM Group had approximately 1,500 full-time employees (excluding approximately 500 full-time employees of Ule, an associated company of TOM). For the first six months of the year, employee costs, including Directors' emoluments, totalled HK\$187 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2016.

# Management's Discussion and Analysis

## Past Performance and Forward-looking Statements

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The performance and the results of operations of the Group contained in this 2017 Interim Report are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this 2017 Interim Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this 2017 Interim Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

### Disclaimer:

#### *Non-GAAP measures*

Certain non-GAAP (generally accepted accounting principles) measures, such as profit/(loss) before net finance costs and taxation including share of results of investments accounted for using the equity method and segment profit/(loss) excluding provision for impairment of other assets, 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.

# Independent Review Report



羅兵咸永道

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF TOM GROUP LIMITED *(incorporated in the Cayman Islands with limited liability)*

### Introduction

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We have reviewed the interim financial information set out on pages 12 to 40, which comprises the condensed consolidated interim statement of financial position of TOM Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related condensed consolidated interim income statement, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

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We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 2 August 2017

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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

# Interim Financial Information

## Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000 (Restated)
<b>Continuing operations</b>			
Revenue	5	455,781	510,289
Cost of sales		(286,282)	(318,553)
Selling and marketing expenses		(73,071)	(74,086)
Administrative expenses		(54,466)	(53,367)
Other operating expenses		(73,454)	(77,203)
Other gains, net		1,091	1,926
		(30,401)	(10,994)
Provision for impairment of other assets	6	(22,249)	–
		(52,650)	(10,994)
Share of profits less losses of investments accounted for using the equity method	16	(58,466)	(70,338)
Loss before net finance costs and taxation	7	(111,116)	(81,332)
Finance income		1,489	1,944
Finance costs		(31,052)	(17,953)
Finance costs, net	8	(29,563)	(16,009)
Loss before taxation		(140,679)	(97,341)
Taxation	9	(5,544)	(11,520)
Loss for the period from continuing operations		(146,223)	(108,861)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	10	–	(25,038)
Loss for the period		(146,223)	(133,899)

# Interim Financial Information

## Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000 (Restated)
Loss for the period attributable to:			
– Non-controlling interests		(7,918)	(4,832)
– Equity holders of the Company		(138,305)	(129,067)
		<u>(146,223)</u>	<u>(133,899)</u>
Loss for the period attributable to equity holders of the Company			
– From continuing operations		(138,305)	(104,032)
– From discontinued operations		–	(25,035)
		<u>(138,305)</u>	<u>(129,067)</u>
Loss per share attributable to equity holders of the Company during the period			
Basic and diluted	12		
– From continuing operations		HK(3.55) cents	HK(2.67) cents
– From discontinued operations		–	HK(0.65) cents
		<u>HK(3.55) cents</u>	<u>HK(3.32) cents</u>

# Interim Financial Information

## Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2017

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
		(Restated)
Loss for the period	(146,223)	(133,899)
Items that may be subsequently reclassified to income statement:		
Exchange translation differences	13,108	(14,868)
Other comprehensive income/(expense) for the period, net of tax	13,108	(14,868)
Total comprehensive expense for the period	(133,115)	(148,767)
Total comprehensive expense for the period attributable to:		
– Non-controlling interests	(311)	(4,992)
– Equity holders of the Company	(132,804)	(143,775)
Total comprehensive expense for the period attributable to equity holders of the Company:		
– From continuing operations	(131,691)	(120,073)
– From discontinued operations	(1,113)	(23,702)
	(132,804)	(143,775)

# Interim Financial Information

## Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2017

		Unaudited 30 June 2017 HK\$'000	Audited 31 December 2016 HK\$'000
	<i>Note</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Fixed assets	13	44,473	65,508
Goodwill	14	622,635	621,064
Other intangible assets	15	77,569	75,829
Investments accounted for using the equity method	16	1,182,095	1,242,609
Available-for-sale financial assets		68,824	79,671
Advance to an investee company		2,191	2,191
Deferred tax assets		39,180	36,980
Other non-current assets		5,264	9,323
		2,042,231	2,133,175
<b>Current assets</b>			
Inventories		115,202	107,077
Trade and other receivables	17	516,449	556,780
Restricted cash	18	8,449	7,488
Cash and cash equivalents		373,393	377,180
		1,013,493	1,048,525
<b>Current liabilities</b>			
Trade and other payables	19	487,090	541,990
Taxation payable		21,380	19,416
Long-term bank loans – current portion	20	65,732	62,293
Short-term bank loans	20	60,824	28,517
		635,026	652,216
<b>Net current assets</b>		378,467	396,309
<b>Total assets less current liabilities</b>		2,420,698	2,529,484



# Interim Financial Information

## Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2017

	<i>Note</i>	Unaudited 30 June 2017 <i>HK\$'000</i>	Audited 31 December 2016 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		10,251	8,833
Long-term bank loans – non-current portion	20	2,608,165	2,579,013
Pension obligations		37,252	41,610
		<u>2,655,668</u>	<u>2,629,456</u>
<b>Net liabilities</b>		<u>(234,970)</u>	<u>(99,972)</u>
<b>EQUITY</b>			
<b>Equity attributable to the Company's equity holders</b>			
Share capital	21	389,328	389,328
Deficits		(930,538)	(797,709)
Own shares held		(6,244)	(6,244)
		<u>(547,454)</u>	<u>(414,625)</u>
Non-controlling interests		312,484	314,653
<b>Total deficit</b>		<u>(234,970)</u>	<u>(99,972)</u>

# Interim Financial Information

## Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2017

	Unaudited												
	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 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 period	-	-	-	-	-	-	-	-	-	(138,305)	(138,305)	(7,918)	(146,223)
Other comprehensive income:													
Exchange translation differences	-	-	-	-	-	-	-	5,501	-	-	5,501	7,607	13,108
Total comprehensive income/ (expense) for the period ended 30 June 2017	-	-	-	-	-	-	-	5,501	-	(138,305)	(132,804)	(311)	(133,115)
Transactions with equity holders:													
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,883)	(1,883)
Acquisition of additional interests in a subsidiary	-	-	-	(25)	-	-	-	-	-	-	(25)	25	-
Transfer to general reserve	-	-	-	-	-	16	-	-	-	(16)	-	-	-
Transactions with equity holders	-	-	-	(25)	-	16	-	-	-	(16)	(25)	(1,858)	(1,883)
Balance at 30 June 2017	389,328	(6,244)	3,625,981	(75,079)	776	158,426	11,017	700,824	6,096	(5,358,579)	(547,454)	312,484	(234,970)

# Interim Financial Information

## Condensed Consolidated Interim Statement of Changes In Equity

For the six months ended 30 June 2017

	Unaudited												
	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 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
<b>Comprehensive income:</b>													
Loss for the period	-	-	-	-	-	-	-	-	-	(129,067)	(129,067)	(4,832)	(133,899)
<b>Other comprehensive income:</b>													
Exchange translation differences	-	-	-	-	-	-	-	(14,708)	-	-	(14,708)	(160)	(14,868)
Total comprehensive expense for the period ended 30 June 2016	-	-	-	-	-	-	-	(14,708)	-	(129,067)	(143,775)	(4,992)	(148,767)
Share of other reserve of an investment accounted for using the equity method	-	-	-	-	-	-	-	-	6,096	-	6,096	677	6,773
<b>Transactions with equity holders:</b>													
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	943	943
Balance at 30 June 2016	389,328	(6,244)	3,625,981	(124,596)	776	155,774	11,017	722,356	6,096	(5,065,836)	(285,348)	384,960	99,612

# Interim Financial Information

## Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000
<b>Cash flows from operating activities</b>			
Net cash inflow/(outflow) from operations		6,543	(6,443)
Interest paid		(20,041)	(16,016)
Overseas taxation paid		(2,876)	(6,202)
Net cash used in operating activities		(16,374)	(28,661)
<b>Cash flows from investing activities</b>			
Capital expenditures		(50,189)	(56,785)
Proceeds from disposal of fixed assets		150	131
Disposal of subsidiaries		1,044	–
Disposal of a former subsidiary		–	3,361
Recovery of a receivable previously written off		–	10,844
Capital investment in an available-for-sale financial asset		–	(17,040)
Dividends received		2,992	2,982
Net cash used in investing activities		(46,003)	(56,507)
<b>Cash flows from financing activities</b>			
New bank loans	20	103,944	793,152
Loan repayments	20	(50,072)	(709,290)
Loan arrangement fee paid		(6,305)	(22,855)
(Increase)/decrease in restricted cash	18	(961)	826
Net cash from financing activities		46,606	61,833
Decrease in cash and cash equivalents		(15,771)	(23,335)
Cash and cash equivalents at 1 January		377,180	466,728
Exchange adjustment		11,984	(4,481)
Cash and cash equivalents at 30 June		373,393	438,912

# Notes to the Condensed Consolidated Interim Financial Information

## 1 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of the Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

As at 30 June 2017, the Group had net liabilities of HK\$235 million. The Group also has undrawn banking facilities guaranteed by one of its substantial shareholders. In preparing this unaudited condensed consolidated interim financial information, 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 this unaudited condensed consolidated interim financial information on a going concern basis.

## 2 Accounting policies

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in 2016 annual financial statements, except for the adoption of amendments to standards which are relevant to the operations of the Group 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.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

# Notes to the Condensed Consolidated Interim Financial Information

## 3 Critical accounting estimates and judgements

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

## 4 Financial risk management

### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including cash flow interest rate risk, foreign currency risk and price risk).

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no changes in the risk management policies since the year ended 31 December 2016.

### (b) Fair value estimation

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

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

# Notes to the Condensed Consolidated Interim Financial Information

## 4 Financial risk management (Continued)

### (b) Fair value estimation (Continued)

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

	Level 1 HK\$'000
As at 30 June 2017 (Unaudited)	
Assets	
Available-for-sale financial assets – Equity securities	14,879
Total assets	14,879
Total liabilities	–
As at 31 December 2016 (Audited)	
Assets	
Available-for-sale financial assets – Equity securities	14,879
Total assets	14,879
Total liabilities	–

# Notes to the Condensed Consolidated Interim Financial Information

## 5 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 10 to the condensed consolidated interim financial information.

As a result, the condensed consolidated interim financial information for the first half of 2016 had been restated accordingly to conform with the current period presentation.

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.



# Notes to the Condensed Consolidated Interim Financial Information

## 5 Segment information (Continued)

The segment results for the six months ended 30 June 2017 are as follows:

	Unaudited Six months ended 30 June 2017									
	Continuing Operations							Discontinued Operations		
	Technology Platform and Investments				Media Business			Television Operations		
	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	HK\$'000	Total HK\$'000
Gross segment revenue	5,780	9,816	37,016	52,612	358,714	45,703	404,417	457,029	-	457,029
Inter-segment revenue	-	-	(768)	(768)	-	(480)	(480)	(1,248)	-	(1,248)
Net revenue from external customers	5,780	9,816	36,248	51,844	358,714	45,223	403,937	455,781	-	455,781
Segment profit/(loss) before amortisation and depreciation	1,640	(9,949)	2,847	(5,462)	72,704	(11,472)	61,232	55,770	-	55,770
Amortisation and depreciation	-	(812)	(1,022)	(1,834)	(51,318)	(7,787)	(59,105)	(60,939)	-	(60,939)
Segment profit/(loss)	1,640	(10,761)	1,825	(7,296)	21,386	(19,259)	2,127	(5,169)	-	(5,169)
Other material items:										
Provision for impairment of other assets	-	(12,243)	-	(12,243)	-	(10,006)	(10,006)	(22,249)	-	(22,249)
Share of profits less losses of investments accounted for using the equity method	(59,584)	176	-	(59,408)	942	-	942	(58,466)	-	(58,466)
	(59,584)	(12,067)	-	(71,651)	942	(10,006)	(9,064)	(80,715)	-	(80,715)
Finance costs:										
Finance income (note a)	-	1,025	4	1,029	2,485	278	2,763	3,792	-	3,792
Finance expenses (note a)	-	-	(6)	(6)	(1,674)	-	(1,674)	(1,680)	-	(1,680)
	-	1,025	(2)	1,023	811	278	1,089	2,112	-	2,112
Segment profit/(loss) before taxation	(57,944)	(21,803)	1,823	(77,924)	23,139	(28,987)	(5,848)	(83,772)	-	(83,772)
Unallocated corporate expenses										(56,907)
Loss before taxation										(140,679)
Expenditure for operating segment non-current assets	-	1,450	1,281	2,731	47,426	30	47,456	50,187	-	50,187
Unallocated expenditure for non-current assets										2
Total expenditure for non-current assets										50,189

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK\$2,307,000 and HK\$6,000 were included in the finance income and finance expenses from continuing operations respectively.

# Notes to the Condensed Consolidated Interim Financial Information

## 5 Segment information (Continued)

The segment results for the six months ended 30 June 2016 are as follows:

	Unaudited Six months ended 30 June 2016 (Restated)									
	Continuing Operations							Discontinued Operations		
	Technology Platform and Investments				Media Business			Television Operations		
	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	Total HK\$'000	
Gross segment revenue	2,610	14,384	34,129	51,123	376,039	84,000	460,039	511,162	4,283	515,445
Inter-segment revenue	-	-	(693)	(693)	-	(180)	(180)	(873)	-	(873)
Net revenue from external customers	2,610	14,384	33,436	50,430	376,039	83,820	459,859	510,289	4,283	514,572
Segment profit/(loss) before amortisation and depreciation	(2,516)	(10,796)	10,904	(2,408)	88,225	(4,287)	83,938	81,530	(12,833)	68,697
Amortisation and depreciation	-	(1,025)	(1,023)	(2,048)	(53,923)	(9,050)	(62,973)	(65,021)	(1,700)	(66,721)
Segment profit/(loss)	(2,516)	(11,821)	9,881	(4,456)	34,302	(13,337)	20,965	16,509	(14,533)	1,976
Other material item: Share of profits less losses of investments accounted for using the equity method	(70,030)	63	-	(69,967)	(371)	-	(371)	(70,338)	-	(70,338)
Finance costs:										
Finance income (note a)	1	1,366	4	1,371	2,850	352	3,202	4,573	-	4,573
Finance expenses (note a)	-	-	(53)	(53)	(1,674)	-	(1,674)	(1,727)	(10,505)	(12,232)
	1	1,366	(49)	1,318	1,176	352	1,528	2,846	(10,505)	(7,659)
Segment profit/(loss) before taxation	(72,545)	(10,392)	9,832	(73,105)	35,107	(12,985)	22,122	(50,983)	(25,038)	(76,021)
Unallocated corporate expenses										(46,358)
Loss before taxation										(122,379)
Expenditure for operating segment non-current assets	-	85	1,401	1,486	54,681	82	54,763	56,249	536	56,785
Unallocated expenditure for non-current assets										-
Total expenditure for non-current assets										56,785

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK\$2,675,000 and HK\$53,000 were included in the finance income and finance expenses from continuing operations respectively.

Inter-segment interest expenses amounted to HK\$9,562,000 were included in the finance expenses from discontinued operations.

# Notes to the Condensed Consolidated Interim Financial Information

## 5 Segment information (Continued)

The segment assets and liabilities at 30 June 2017 are as follows:

	Unaudited As at 30 June 2017									
	Continuing Operations							Discontinued Operations		
	Technology Platform and Investments				Media Business			Television Operations		
	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	Total HK\$'000	Total HK\$'000
Segment assets	104,463	351,671	42,566	498,700	1,133,860	207,754	1,341,614	1,840,314	1,304	1,841,618
Investments accounted for using the equity method	1,174,583	4,909	-	1,179,492	2,603	-	2,603	1,182,095	-	1,182,095
Unallocated assets								32,011	-	32,011
<b>Total assets</b>								<b>3,054,420</b>	<b>1,304</b>	<b>3,055,724</b>
Segment liabilities	23,538	69,146	16,484	109,168	272,238	62,742	334,980	444,148	4,269	448,417
Unallocated liabilities:										
Corporate liabilities								75,925	-	75,925
Current taxation								21,336	44	21,380
Deferred taxation								10,251	-	10,251
Borrowings								2,734,721	-	2,734,721
<b>Total liabilities</b>								<b>3,286,381</b>	<b>4,313</b>	<b>3,290,694</b>

# Notes to the Condensed Consolidated Interim Financial Information

## 5 Segment information (Continued)

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

	Audited As at 31 December 2016									
	Continuing Operations							Discontinued Operations		
	Technology Platform and Investments				Media Business			Television Operations		
	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	Total 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.

## 6 Provision for impairment of other assets

The provision made in the current period represented the provision for impairment of an available-for-sale financial asset of HK\$12,243,000 (2016: Nil) held by the Mobile Internet Group and certain fixed assets of HK\$10,006,000 (2016: Nil) of the outdoor media operation under the Advertising Group. These provisions were made with reference to the reduced estimated recoverable values of respective assets.

# Notes to the Condensed Consolidated Interim Financial Information

## 7 Loss before net finance costs and taxation

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

	Unaudited Six months ended 30 June					
	2017			2016 (Restated)		
	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000	Continuing operations HK\$'000	Discontinued operations HK\$'000	Total HK\$'000
<b>Charging:</b>						
Depreciation (note 13)	15,574	-	15,574	17,791	1,018	18,809
Amortisation of other intangible assets (note 15)	46,396	-	46,396	48,318	682	49,000
Provision for impairment of an available-for-sale financial asset	12,243	-	12,243	574	-	574
Loss on disposal of fixed assets	-	-	-	329	-	329
Exchange loss, net	648	-	648	1,006	-	1,006
<b>Crediting:</b>						
Dividend income from available-for-sale financial assets	447	-	447	474	-	474
Gain on disposal of subsidiaries (note a)	1,186	-	1,186	-	-	-
Gain on disposal of a former subsidiary (note b)	-	-	-	3,361	-	3,361
Gain on disposal of fixed assets	106	-	106	-	-	-
Exchange gain, net	-	-	-	-	15	15

Notes:

- (a) 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 condensed consolidated interim income statement for the period ended 30 June 2017.
- (b) 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).

# Notes to the Condensed Consolidated Interim Financial Information

## 8 Finance costs, net

	Unaudited Six months ended 30 June					
	2017			2016 (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	(31,052)	-	(31,052)	(27,515)	-	(27,515)
Interest on other loans	-	-	-	-	(943)	(943)
Bank interest income	1,489	-	1,489	1,944	-	1,944
Interest income/(expenses) on inter-company loans (note)	-	-	-	9,562	(9,562)	-
	<u>(29,563)</u>	<u>-</u>	<u>(29,563)</u>	<u>(16,009)</u>	<u>(10,505)</u>	<u>(26,514)</u>

Note:

There was no interest income and interest expenses on inter-company loans between the continuing operations and discontinued operations for the period ended 30 June 2017 (2016: Interest income of HK\$9,562,000 and interest expenses of HK\$9,562,000 between the continuing operations and discontinued operations were eliminated on consolidation).

## 9 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 period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Overseas taxation	4,113	9,106
Under-provision in prior years	534	706
Deferred taxation	897	1,708
Taxation charge	<u>5,544</u>	<u>11,520</u>

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

No taxation was incurred by discontinued operations for the period ended 30 June 2017 (2016: Nil).

# Notes to the Condensed Consolidated Interim Financial Information

## 10 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\$4,208,000 was utilised during the period ended 30 June 2017.

(i) Analysis of the results of discontinued operations is as follows:

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Revenue (note 5)	–	4,283
Operating costs	–	(18,816)
Finance costs (note 8)	–	(10,505)
Loss before taxation from discontinued operations	–	(25,038)
Taxation	–	–
Loss for the period from discontinued operations	–	(25,038)
Attributable to:		
Non-controlling interests	–	(3)
Equity holders of the Company	–	(25,035)
	–	(25,038)

# Notes to the Condensed Consolidated Interim Financial Information

## 10 Discontinued operations (Continued)

(ii) Net cash flows from discontinued operations are as follows:

	Unaudited Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Net cash outflows from operating activities	(4,208)	(23,857)
Net cash outflows from investing activities	–	(536)
Net cash inflows from financing activities (note)	3,043	24,010
Total net cash outflows	(1,165)	(383)

Note:

During the period ended 30 June 2017, inter-company loans amounted to HK\$3,043,000 (2016: HK\$24,010,000) provided by the continuing operations to the discontinued operations were included.

## 11 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2017 (2016: Nil).

## 12 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\$138,305,000 (2016 (restated): HK\$104,032,000) and the weighted average of 3,893,270,558 (2016: 3,893,270,558) ordinary shares in issue during the period.

#### 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 (restated): HK\$25,035,000) and the weighted average of 3,893,270,558 (2016: 3,893,270,558) ordinary shares in issue during the period.

### (b) Diluted

Diluted loss per share is equal to the basic loss per share for the period ended 30 June 2017 (2016: Same).



# Notes to the Condensed Consolidated Interim Financial Information

## 13 Fixed assets

During the period, major fixed assets acquired by the Group were leasehold improvement amounting to HK\$1,712,000.

	<i>HK\$'000</i>
<hr/>	
<b>Net book value</b>	
At 1 January 2016	97,465
Additions	5,765
Disposals	(460)
Depreciation charge	(18,809)
Exchange adjustment	(757)
	<hr/>
At 30 June 2016 (unaudited)	<hr/> 83,204
 <b>Net book value</b>	
At 1 January 2017	65,508
Additions	2,802
Disposals	(44)
Disposals of subsidiaries	(389)
Depreciation charge	(15,574)
Impairment charge (note 6)	(10,006)
Exchange adjustment	2,176
	<hr/>
At 30 June 2017 (unaudited)	<hr/> 44,473

# Notes to the Condensed Consolidated Interim Financial Information

## 14 Goodwill

	<i>HK\$'000</i>
<b>Net book value</b>	
At 1 January 2016	641,612
Exchange adjustment	(1,604)
At 30 June 2016 (unaudited)	640,008
<b>Net book value</b>	
At 1 January 2017	621,064
Exchange adjustment	1,571
At 30 June 2017 (unaudited)	622,635

## 15 Other intangible assets

	Concession rights <i>HK\$'000</i>	Publishing rights <i>HK\$'000</i>	Programme and film rights <i>HK\$'000</i>	Trademarks and domain names <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Net book value</b>					
At 1 January 2016	4,809	68,796	996	486	75,087
Additions	–	50,491	529	–	51,020
Amortisation charge	(509)	(47,772)	(682)	(37)	(49,000)
Exchange adjustment	(103)	662	–	6	565
At 30 June 2016 (unaudited)	4,197	72,177	843	455	77,672
<b>Net book value</b>					
At 1 January 2017	3,596	71,810	–	423	75,829
Additions	–	47,387	–	–	47,387
Disposals of subsidiaries	(3,084)	–	–	–	(3,084)
Amortisation charge	(240)	(46,116)	–	(40)	(46,396)
Exchange adjustment	35	3,774	–	24	3,833
At 30 June 2017 (unaudited)	307	76,855	–	407	77,569

# Notes to the Condensed Consolidated Interim Financial Information

## 16 Investments accounted for using the equity method

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

	Unaudited 30 June 2017 <i>HK\$'000</i>	Audited 31 December 2016 <i>HK\$'000</i>
Associated companies	<u>1,182,095</u>	<u>1,242,609</u>

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

	Unaudited Six months ended 30 June 2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Associated companies	<u>(58,466)</u>	<u>(70,338)</u>

### Interests in associated companies

Movement in interests in associated companies during the period:

	Unaudited Six months ended 30 June 2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
At 1 January	1,242,609	1,372,311
Share of profits less losses	(58,466)	(70,338)
Share of other reserve of an associated company	–	6,773
Dividend paid	(2,545)	(2,508)
Advance to an associated company	93	473
Exchange adjustment	404	(2,976)
At 30 June (unaudited)	<u>1,182,095</u>	<u>1,303,735</u>

# Notes to the Condensed Consolidated Interim Financial Information

## 16 Investments accounted for using the equity method (Continued)

### Interests in associated companies (Continued)

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 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 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. As at 30 June 2017, Ule Major Shareholder Options are not yet exercisable as the Qualified IPO has not occurred. During the period ended 30 June 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.

# Notes to the Condensed Consolidated Interim Financial Information

## 17 Trade and other receivables

	Unaudited 30 June 2017 <i>HK\$'000</i>	Audited 31 December 2016 <i>HK\$'000</i>
Trade receivables	241,538	266,280
Prepayments, deposits and other receivables	274,911	290,500
	<u>516,449</u>	<u>556,780</u>

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.

The ageing analyses of the Group's trade receivables were as follows:

	Unaudited 30 June 2017 <i>HK\$'000</i>	Audited 31 December 2016 <i>HK\$'000</i>
Current	82,804	100,774
31 – 60 days	66,207	62,527
61 – 90 days	39,823	42,622
Over 90 days	112,516	123,294
	<u>301,350</u>	<u>329,217</u>
Less: Provision for impairment	(59,812)	(62,937)
	<u>241,538</u>	<u>266,280</u>
Represented by:		
Receivables from related companies	–	50
Receivables from third parties	241,538	266,230
	<u>241,538</u>	<u>266,280</u>

# Notes to the Condensed Consolidated Interim Financial Information

## 18 Restricted cash

At 30 June 2017, NT\$27,892,000 (approximately HK\$7,143,000) (31 December 2016: NT\$28,806,000 (approximately HK\$6,991,000)) was 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 RMB1,146,000 (approximately HK\$1,306,000) (31 December 2016: RMB444,000 (approximately HK\$497,000)) was pledged in favour of the courts for legal proceedings in Mainland China.

## 19 Trade and other payables

	Unaudited 30 June 2017 HK\$'000	Audited 31 December 2016 HK\$'000
Trade payables	93,863	102,080
Other payables and accruals	393,227	439,910
	<u>487,090</u>	<u>541,990</u>

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

The ageing analyses of the Group's trade payables were as follows:

	Unaudited 30 June 2017 HK\$'000	Audited 31 December 2016 HK\$'000
Current	32,780	39,301
31 – 60 days	13,686	15,747
61 – 90 days	4,552	4,898
Over 90 days	42,845	42,134
	<u>93,863</u>	<u>102,080</u>
Represented by:		
Payables to third parties	<u>93,863</u>	<u>102,080</u>

# Notes to the Condensed Consolidated Interim Financial Information

## 20 Movements in borrowings

	Short-term bank loans <i>HK\$'000</i>	Long-term bank loans <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2016	98,884	2,471,426	2,570,310
Borrowings	131,615	661,537	793,152
Repayments	(136,401)	(572,889)	(709,290)
Exchange adjustment	1,383	1,628	3,011
As at 30 June 2016 (unaudited)	95,481	2,561,702	2,657,183
As at 1 January 2017	28,517	2,641,306	2,669,823
Borrowings	47,944	56,000	103,944
Repayments	(17,287)	(32,785)	(50,072)
Exchange adjustment	1,650	9,376	11,026
As at 30 June 2017 (unaudited)	60,824	2,673,897	2,734,721

## 21 Share capital

	Ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
<b>Company – Authorised</b>		
At 1 January and 30 June 2016 and 1 January and 30 June 2017	5,000,000,000	500,000
<b>Company – Issued and fully paid</b>		
At 1 January and 30 June 2016 and 1 January and 30 June 2017	3,893,270,558	389,328

## 22 Pledge of assets

Save as disclosed in note 18, the Group had no pledge of assets as at 30 June 2017 (31 December 2016: Nil).

# Notes to the Condensed Consolidated Interim Financial Information

## 23 Contingent liabilities

As at 30 June 2017, the Group had no significant contingent liabilities.

## 24 Capital commitments

The Group's maximum capital commitments are as follows:

	Unaudited 30 June 2017 HK\$'000	Audited 31 December 2016 HK\$'000
Capital injection for an investment – Contracted but not provided for	87	263

## 25 Related party transactions

A summary of significant related party transactions, in addition to those disclosed in note 17 to the condensed consolidated interim financial information, is set out below:

### (a) Sales of goods and services

	Unaudited Six months ended 30 June 2017 HK\$'000	2016 HK\$'000
Sales to		
– A subsidiary of CKHH	35	1,249
– Associated companies	5,708	2,694



# Notes to the Condensed Consolidated Interim Financial Information

## 25 Related party transactions (Continued)

### (b) Purchase of goods and services

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Purchase of services payable to – Non-controlling interests of a subsidiary	2,280	4,445
Rental payable to – Non-controlling interests of subsidiaries and their subsidiaries	581	1,082
Service fees payable to – CKHH and its subsidiaries	1,880	2,128
Interest expenses payable to – Non-controlling interests of a subsidiary	–	943

A substantial shareholder of the Company granted guarantees to the Company at a guarantee fee equivalent to 0.5% per annum (2016: Same) for aggregate principal amount outstanding under loan facilities of HK\$3,200 million (2016: Same). During the period, guarantee fee amounted to approximately HK\$6,211,000 was paid by the Company (2016: HK\$6,098,000) to the substantial shareholder.

### (c) Key management compensation

During the period ended 30 June 2017, no transactions have been entered into with the directors of the Company (being the key management personnel) other than the emoluments paid to them (being key management personnel compensation) (2016: Nil).

## 26 Approval of interim financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 2 August 2017.

# Disclosure of Interests

## Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in the shares of the Company

Name of Director	Capacity	Number of shares of the Company				Total	Approximate percentage of shareholding
		Personal interests	Family interests	Corporate interests	Other interests		
Frank John Sixt	Beneficial owner	492,000	-	-	-	492,000	0.01%
Yeung Kwok Mung	Interest of spouse	-	30,000	-	-	30,000	Below 0.01%
Mak Soek Fun, Angela	Beneficial owner	44,000	-	-	-	44,000	Below 0.01%

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

# Disclosure of Interests

## Interests and Short Positions of Substantial Shareholders

As at 30 June 2017, the persons or corporations (not being a Director or chief executive) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or had otherwise notified to the Company were as follows:

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

## Disclosure of Interests

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

(L) denotes a long position

Notes:

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

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

## Disclosure of Interests

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

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

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

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

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

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

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

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

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

Save as disclosed above, as at 30 June 2017, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

# Corporate Governance

## Audit Committee

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

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

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2017 has been reviewed by the Audit Committee.

## Corporate Governance Code

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The Company has complied with all the code provisions of the Corporate Governance Code throughout the six months ended 30 June 2017, save and except Code Provision 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

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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 six months ended 30 June 2017.

## Other Information

### Purchase, Sale or Redemption of Shares

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During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the period.

### Public Float

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

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

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

### Change in Other Information of Directors

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Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2016 Annual Report of the Company are set out below:

Name of Director	Details of the Changes
Ip Yuk-keung, Albert	<p>Ceased to be a Research Fellow of Singapore Management University's Institute for Financial Economics on 31 March 2016</p> <p>Appointed as a member of the Advisory Committee on Accounting and Finance at Hong Kong Polytechnic University on 1 April 2017</p> <p>Appointed as a member of Hong Kong University of Science and Technology Business School on 1 June 2017</p>