ANNUAL REPORT 2013

TOM Group Limited

Incorporated in the Cayman Islands with Limited Liability

(Stock Code:2383)

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Board of Directors

Chairman
Frank John Sixt

Executive Directors
Yeung Kwok Mung
Mak Soek Fun, Angela

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

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

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

Company Secretary

Mak Soek Fun, Angela

Authorised Representatives

Yeung Kwok Mung
Mak Soek Fun, Angela

Audit Committee

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

Remuneration Committee

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

Auditor

PricewaterhouseCoopers

Registered Office

P. O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head Office and Principal Place of Business

48/F., The Center
99 Queen's Road Central
Central
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
Bank of China (Hong Kong) Limited
DBS Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

Website Address

www.tomgroup.com

Stock Code

2383

TOM Group Limited is a leading Chinese-language media conglomerate in Greater China, TOM Group has diverse business interests in E-Commerce, Mobile Internet, Publishing, Outdoor Media, Television and Entertainment and across markets in Mainland China, Taiwan and Hong Kong. In each of the areas it operates, TOM Group has secured market leadership.

The Company's e-commerce business Ule (www.ule.com) is jointly launched by TOM Group and China Post. It is a localised e-commerce platform with unique offline to online (O_2O) and mobile integration, offering a wide range of quality and authentic products including household goods, food and supplements, personal care, infant and mother care, fashion, electronic goods and agricultural products etc.

TOM has also established a scalable, cross-device mobile Internet platform to host wide-range of mobile Internet applications and services which connect every aspect of our customers' lives online, offline and mobile, demonstrating the Company's commitment to innovation and technology.

In addition, TOM owns a well-established publishing platform in Greater China. Its publishing unit, Cité Publishing Group, is the largest book and magazine publisher in Taiwan and first-mover in digital publishing and reading. Cité is capable of providing printed and digital copies of books and magazines simultaneously.

TOM Outdoor Media Group, a leading outdoor advertising operator with an advertising presence in more than 100 cities in Mainland China, operates an established nationwide network of diversified and quality advertising assets.

The Group also operates a 24-hour Putonghua general entertainment channel CETV, which is the first foreign satellite television channel to be granted landing rights into the cable systems of Guangdong, offers popular entertainment programming to viewers. Yangcheng (YC) is an integrated communications business offering customised public relation and marketing campaigns and nationwide event management services to clients.

TOM was founded in October 1999 as a joint venture between Hutchison Whampoa, Cheung Kong (Holdings) Limited, and other strategic investors. Headquartered in Hong Kong, the Group has regional headquarters in Beijing, Shanghai and Taipei with about 2,600 employees in about 20 cities.TOM shares (stock code: 2383) are listed on The Main Board of the Stock Exchange of Hong Kong.

For the year ended 31 December

In HKD Thousands	**2013**	2012	2011	2010	2009 (As restated)^
Results					
Revenue					
Mobile Internet	**287,546**	557,276	727,452	1,031,963	1,062,447
E-Commerce	**27,030**	7,520	–	1,834	2
Publishing	**1,030,041**	1,056,815	1,051,584	947,492	867,315
Outdoor Media	**365,981**	365,267	331,112	275,348	353,447
Television and Entertainment	**217,133**	219,038	216,212	207,590	152,542
	1,927,731	2,205,916	2,326,360	2,464,227	2,435,753
Operating (loss)/profit#	**(419,283)**	(266,067)	(458,578)	(93,001)	24,514
Loss attributable to equity holders of the Company	**(550,073)**	(337,187)	(498,270)	(167,952)	(60,511)
Financial Position					
Total assets	**3,986,234**	4,471,862	4,732,054	5,140,262	5,241,384
Total liabilities	**3,358,917**	3,350,227	3,276,280	3,268,351	3,205,508
Total equity	**627,317**	1,121,635	1,455,774	1,871,911	2,035,876

Operating (loss)/profit refers to (loss)/profit before finance costs and taxation.

^ In 2010, the Group had reorganised the business segments, merchandise sales generated through Internet-based marketplace have been recorded in the E-Commerce Group such that the consolidated financial data for 2009 had been restated accordingly.

I am pleased to announce the results of TOM Group Limited and its subsidiaries for the year ended 31 December 2013.

The Chinese government's efforts in boosting domestic consumption has brought changes to the economic structure and created opportunities particularly for our e-commerce business in Mainland China. Against this backdrop, the Group continued to invest in mobile Internet technology and the Ule joint venture to tap the growth momentum in the market. The Group reported HK$1,928 million revenues for the year. Excluding the non-recurring items, operating loss amounted to HK$207 million. Loss attributable to shareholders was HK$550 million.

The Group's e-commerce business saw robust growth during the past year. The new joint venture with China Post Group has attracted investors to join us unlocking the value of the Ule business. During the year, Ule reported 175% growth in its gross merchandise value (GMV) to RMB1,432 million. The average sales for branded goods per transaction jumped to RMB448 in the fourth quarter, at the high end range of other industry comparable peers.

The Mobile Internet Group reported revenues of HK$288 million as it migrated into a mobile Internet services landing platform for international business partners.

The Publishing Group maintained its revenues at HK$1,030 million with segment profit of HK$93 million in the reporting period. Digital and mobile reading continued to see strong momentum in the year, as the Group's "e Reading now" digital reading platform saw an impressive growth last year with 57% year-on-year increase in registered users, offering more than 4,400 book and magazine titles in digital format to users.

The Outdoor Media Group reported stable revenue of HK$366 million from a year earlier despite the tightening of government regulatory which affected the profitability of several operations.

The Television and Entertainment Group reported stable revenue of HK$218 million in the reporting period with segment loss reduced by 53 percent as a result of stringent cost control.

The Group has made approximately HK$1,700 million non-cash goodwill impairments relating primarily to its older wireless value-added services (WVAS) businesses in Mainland China, as well as in respect of the Outdoor Media Group and Television and Entertainment Group.

Going forward, TOM Group will maintain clear focus on financial and operating disciplines. Barring market instability and regulatory challenges, the management will continue to rationalise its business operations and invest its high-margin mobile Internet and fast-growing e-commerce businesses to achieve sustainable growth in future years.

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

Frank John Sixt
Chairman

Hong Kong, 27 February 2014

Business and Operation Review

The Group's e-commerce business marked an important milestone after Ule has realised the value and gained investors' endorsement with the completion of the latest round of financing, bringing Ule's post money valuation to HK$6,474 million (US$830 million). Following Ule's successful placement, the Group will continue to reconfigure and consolidate resources to focus on technology-centric investments, so as to enhance our business portfolio and unlock the asset value of each of our businesses.

E-Commerce – *unique O_2O business model*

Ule, which was founded by the Group and China Post Group, enjoys the benefits of a unique e-commerce business model with focus on offline to online (O_2O) and mobile integration. Leveraging on China Post Group's existing extensive nationwide network, Ule is the exclusive e-commerce business platform of China Post which has access to 54,000 post offices and over 200,000 postal affiliated outlets across the nation's villages and towns to serve the users. The Chinese government's effort in boosting domestic consumption and nurturing a modernised agricultural industry presents another great and unique opportunity for Ule. An online agricultural product platform is established to sell farm produces from the place of origin. An enterprise and government procurement platform is also built to offer services for government departments and enterprises. In addition, Ule also offers e-commerce services to corporations in finance, telecommunications, insurance and airline sectors.

In 2013, Ule maintained its strong momentum. GMV of the Ule platform was RMB1,432 million in 2013, a 175% increase from previous year. Repeated buyers accounted for 66% of the total buyers in the fourth quarter last year, demonstrating strong user loyalty. Average sales per order for branded goods jumped to RMB448 as at the end of December last year.

Mobile Internet – *a launching platform for new services*

The Mobile Internet Group has consolidated its loyal user community from 2.5G WVAS to the mobile Internet open platform via the Group's popular games and music services. With the buildout of the platform, the Group will begin to offer services and applications that are tailored for mobile phone users, such as mobile phone safety, following the beta launch of online video meeting service Zoom in October 2013. The Group will continue to develop its platform and services portfolio and target to realise the asset value at appropriate time.

Publishing – *stable development with strong growth in digital business*

The Publishing Group's business reported stable performance in the reporting period with revenue maintained at HK$1,030 million. *Business Weekly* continued to be the market leader. *Pixnet* ranked the first among Taiwan domestic social network platform. Digital publishing business continued to grow, with digital revenues accounted for 10% of total revenue of the Publishing Group.

Outdoor Media – *upgrade to LED and integrate with digital technology*

During the reporting period, revenues of the Outdoor Media Group reached HK$366 million from previous year. The Group will continue to invest in LED billboards to enhance assets value, as well as to tap the mobile Internet trend, and offer integrated advertising solutions.

Television and Entertainment – *loss narrowed significantly*

Television and Entertainment Group maintained its revenue compared with previous year, segment loss narrowed by 53% from a year earlier as a result of improved operating efficiency.

The Group has made an approximately HK$1,700 million non-cash goodwill impairments relating primarily to the exit from 2.5G WVAS businesses in Mainland China, due to the tightened regulatory environment and the outdated products and services; as well as in the Outdoor Media Group and Television and Entertainment Group.

Financial Review

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

Revenue

The Group's revenue for the year ended 31 December 2013 amounted to HK$1,928 million, a 13% decrease from last year, following the exit from 2.5G WVAS business in Mainland China.

Segmental Results

The Mobile Internet Group reported gross revenues of HK$288 million and segment loss of HK$92 million, following the restructuring and exit from 2.5G WVAS business in Mainland China.

The Group continued to focus on its investment in the fast-growing e-Commerce business in Mainland China. The E-Commerce Group reported segment loss of HK$58 million as a result of its investment.

The Publishing Group delivered stable performance while investment in various digital initiatives continued. Gross revenues and segment profit was HK$1,030 million and HK$93 million respectively.

The Outdoor Media Group reported stable gross revenues of HK$366 million. Segment loss was HK$26 million, as a result of media assets investment and business consolidation.

The Television and Entertainment Group reported stable gross revenues of HK$218 million. Segment loss narrowed significantly to HK$37 million, due to improved operating efficiency.

Operating Loss

The Group's operating loss for the year amounted to HK$419 million, compared to last year's HK$266 million. Excluding the gain on disposal of interests in subsidiaries of HK$1,522 million, provision for impairment of goodwill and other assets of HK$1,719 million (2012: provision for impairment of goodwill of HK$136 million) and loss on deconsolidation of a subsidiary of HK$15 million in 2013, the operating loss from recurring operation was HK$207 million, compared to the operating loss of HK$130 million in 2012, as a result of business restructuring.

The gain on disposal of interests in subsidiaries of HK$1,522 million arose from the disposal of controlling interests in certain subsidiaries of the E-Commerce Group; these companies ceased to be subsidiaries and became joint ventures of the Group, which are accounted for using the equity method. The gain arising from the loss of control in these former subsidiaries was recorded in the consolidated income statement for the year. Net gain attributable to the equity holders of the Company amounted to HK$1,369 million.

The goodwill impairment for the Mobile Internet Group reflected the Group's exit from the 2.5G WVAS business and reconfigure and consolidate its resources and investment to focus on a technology-based and fast-growing mobile Internet services platform in Mainland China. The impairment charge for the other segments reflected management's conservative judgement as to the values of certain media assets given the rapid evolution of business models in these industries. These provisions were made with reference to the reduced estimated recoverable values of certain cash-generating units in the respective mentioned segments. The estimated recoverable value was determined based on value-in-use calculations according to financial budgets approved by management.

Due to deconsolidation of a subsidiary of the Outdoor Media Group, the net asset value of that subsidiary and the amount due from that subsidiary have been written off.

Taxation

Total taxation for the year amounted to HK$80 million (2012: HK$27 million). A subsidiary of the Group in Taiwan had received revised income tax assessments for the years of 2004 to 2010 from the local tax authority since 2008, disallowing the full amount of goodwill amortisation for tax deduction that the subsidiary had claimed, totalling NT$977 million (approximately HK$253 million), which gave rise to a potential additional income tax liability of approximately NT$232 million (approximately HK$60 million). The subsidiary had filed petitions/appeals regarding these revised income tax assessments.

In August and September 2013, the subsidiary and the local tax authority reached an agreement to settle the 2004 and 2005 tax disputes. After these settlements, the local tax authority then reissued the 2006 to 2011 final income tax assessments to the subsidiary on the same basis of the 2004 and 2005 settlements in September 2013. As a result, the subsidiary accrued additional tax expenses of NT$129 million (approximately HK$34 million) for prior years in 2013.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company was HK$550 million, compared with HK$337 million in 2012.

Liquidity and Financial Resources

As at 31 December 2013, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK$695 million.

In December 2013, the Group entered into facility agreements with several independent financial institutions for providing an aggregate principal amount of HK$2,900 million term and revolving loan facilities for a period of three years to refinance the existing indebtedness and finance the working capital requirements of the Group.

A total of HK$3,507 million financing facilities were available, of which HK$2,321 million had been utilised as at 31 December 2013, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$2,321 million as at 31 December 2013. This included long-term bank loans of approximately HK$2,150 million and short-term bank loans of approximately HK$171 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 79% as at 31 December 2013, compared to 66% as at 31 December 2012.

As at 31 December 2013, the Group had net current assets of approximately HK$366 million, compared to balance of approximately HK$400 million as at 31 December 2012. As at 31 December 2013, the current ratio (Current assets/Current liabilities) of TOM Group was 1.30, compared to 1.31 at 31 December 2012.

In 2013, net cash inflow from operating activities before interest and taxation paid amounted to HK$50 million. Net cash used in operating activities after interest and taxation paid amounted to HK$36 million. Net cash outflow used in investing activities was HK$179 million, mainly included capital expenditures of HK$161 million, investment in an associated company and a joint venture totalling HK$17 million. During the year, net cash inflow from financing activities amounted to HK$98 million, mainly included drawdown of bank loans, net of repayment, of HK$116 million, partially offset by payment of loan arrangement fee of HK$11 million and dividends paid to non-controlling interests of subsidiaries of HK$7 million.

Charges on Group Assets

As at 31 December 2013, the Group had restricted cash amounting to HK$3 million, being bank deposits mainly pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return and to certain contractors in Mainland China as performance guarantee.

Subsequent Events

On 16 January 2014, a joint venture, held as to 49% by a non-wholly owned subsidiary of the Group, signed a shareholders' agreement and a subscription agreement with several investors. Pursuant to the subscription agreement, the joint venture agreed to allot and issue and the investors agreed on a several basis to subscribe for certain Series A Preferred Shares representing 13.25% of the total share capital of the joint venture on a fully diluted basis at the aggregate investors' subscription price of US$110 million. Following completion of the investors' subscription, the joint venture became an associated company of the Group, held as to 42.51% by a non-wholly owned subsidiary of the Group, 44.24% by the joint venture partner and 13.25% by investors on a fully diluted basis. The Group would recognise a dilution gain of approximately HK$180 million, and a gain attributable to equity holders of the Company of approximately HK$160 million on this disposal in 2014.

Pursuant to the terms of the shareholders' agreement, and as soon as reasonably practicable, intercompany loans in the aggregate principal amount of RMB155 million due to the Group from the associated companies will be restructured into an unsecured convertible loan to be issued by an associated company to the Group.

With reference to the terms of the shareholders' agreement, the marketing resources the Group would provide to the joint venture in the coming five years will be an amount up to RMB155 million.

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

Foreign Exchange Exposure

In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary, to minimise currency risk.

Employee Information

As at 31 December 2013, TOM Group had approximately 2,600 full-time employees. Employee costs, excluding Directors' emoluments, totalled HK$593 million for the year (2012: HK$595 million). 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.

The Group also adopted a share option scheme under which, inter alia, the employees of the Group may be granted share options to subscribe for shares of the Company for the purposes of recognising the contributions made by the employees of the Group and retaining the services of the employees who will continue to make valuable contributions to the Group.

Disclaimer:
Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as operating profit/(loss) including share of results of investments accounted for using the equity method and segment profit/(loss) excluding gain on disposal of interests in subsidiaries, provision for impairment of goodwill and other assets and loss on 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.

Frank John Sixt

aged 62, has been a Non-executive Director and the Chairman of the Company since 15 December 1999 and is a member of the Remuneration Committee of the Company. He is also an executive director of Cheung Kong Infrastructure Holdings Limited ("CKI"), a non-executive director of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, and Power Assets Holdings Limited ("Power Assets"), a director of Hutchison Telecommunications (Australia) Limited ("HTAL") and Husky Energy Inc., and an alternate director of HTAL. He is also the group finance director of HWL, a non-executive director of CKH, and a director of Easterhouse Limited ("Easterhouse"), Hutchison International Limited ("HIL"), Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited and Li Ka-Shing Unity Trustee Corporation Limited, which are substantial shareholders of the Company within the meaning of Part XV of the SFO. Mr. Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Yeung Kwok Mung

aged 49, has been the Chief Executive Officer and an Executive Director of the Company since 26 March 2008. Prior to joining the Company, he was a director and chief executive officer of Horizons Ventures Limited and ChinaCare Investments Holdings Limited respectively, these companies are controlled by Ms. Chau Hoi Shuen and Cranwood Company Limited, the substantial shareholders of the Company within the meaning of Part XV of the SFO. Prior to that, Mr. Yeung worked at Mckinsey & Company, Inc. for over 6 years in Sydney, Melbourne and Hong Kong covering mainly the telecommunications, electronics and e-commerce industry sectors in the area of business strategy, business re-engineering and operational improvements. Mr. Yeung worked for Coca-Cola China Limited as director of Strategy for Coca-Cola Greater China. He also held management positions in business development and sales & marketing at General Electric. He holds a Bachelor of Science degree in Electrical Engineering and a Master of Science degree in Electrical Engineering and Computer Science from Massachusetts Institute of Technology.

Mak Soek Fun, Angela

aged 49, has been an Executive Director of the Company since 16 March 2006 and the Chief Financial Officer of the Company since 1 February 2008. She has also been re-appointed as the Company Secretary of the Company with effect from 28 July 2007. Ms. Mak holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of New South Wales in Australia and has been admitted as a solicitor in New South Wales (Australia), England and Wales and Hong Kong. Prior to joining the Company, she was a senior group legal counsel of HWL.

Chang Pui Vee, Debbie

aged 63, has been a Non-executive Director of the Company since 5 October 1999. She holds a Bachelor of Arts degree from Hunter College, New York City. She has been directing business development in Mainland China for a number of years and is a director of Beijing Oriental Plaza Company Ltd.

Ip Tak Chuen, Edmond

aged 61, has been a Non-executive Director of the Company since 15 October 1999. He is also a member of executive committee and deputy managing director of CKH, an executive director and deputy chairman of CKI, the senior vice president and chief investment officer of CK Life Sciences Int'l., (Holdings) Inc. ("CK Life"), a non-executive director of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), AVIC International Holding (HK) Limited, Real Nutriceutical Group Limited and Shougang Concord International Enterprises Company Limited (all being listed companies), a non-executive director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT which is listed in Hong Kong and Singapore, a director of ARA Trust Management (Suntec) Limited as the manager of Suntec REIT which is listed in Singapore, and a non-executive director of Hui Xian Asset Management Limited as the manager of Hui Xian REIT which is listed in Hong Kong. Mr. Ip is also a director of certain companies which are substantial shareholders of the Company within the meaning of Part XV of the SFO. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

Cheong Ying Chew, Henry

aged 66, has been an Independent Non-executive Director of the Company since 21 January 2000. He is also the Chairman of the Audit Committee and the Chairman of the Remuneration Committee of the Company. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. He is also an independent non-executive director of CKH, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO, CKI, HTHKH, New World Department Store China Limited, Greenland Hong Kong Holdings Limited (formerly known as SPG Land (Holdings) Limited), CNNC International Limited, Creative Energy Solutions Holdings Limited, all being listed in Hong Kong. He is also an independent director of BTS Group Holdings Public Company Limited, a company listed in Thailand, and an executive director and the deputy chairman of Worldsec Limited, a company listed in London. He was previously an independent non-executive director of Hong Kong Jewellery Holding Limited (formerly known as Excel Technology International Holdings Limited). He is also a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission, and was previously a member of the Disciplinary Panel (Panel A) of the Hong Kong Institute of Certified Public Accountants.

Lee Pui Ling, Angelina

aged 65, was appointed as an Independent Non-executive Director of the Company on 28 January 2000. She has been re-designated as a Non-executive Director of the Company with effect from 4 August 2004 and is a member of the Audit Committee of the Company. She is also a non-executive director of CKI and Henderson Land Development Company Limited, and an independent non-executive director of Great Eagle Holdings Limited. She is active in public service and is currently a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Member of the Takeover and Mergers Panel of the Securities and Futures Commission. She was previously a non-executive director of the Securities and Futures Commission. She is a practising solicitor, has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales.

James Sha

aged 63, was appointed as a Non-executive Director of the Company on 12 May 2000. He has been re-designated as an Independent Non-executive Director of the Company with effect from 4 August 2004. He is also a member of the Audit Committee of the Company. He has held senior positions with a number of large Internet-related companies. Since November 1999, he has been a managing partner with Spring Creek Ventures, a partnership specialising in early stage venture investment and business consultation with Internet and infrastructure companies. He is currently serving on the board of directors of several start-up companies. His board memberships include Appstream, Armorize, E21, LiveABC, Optoplex and Mediostream. He also served as the chief executive officer for Sina.com. Prior to that, he was the senior vice president, Commerce Solutions, at Netscape Communications. He has also held senior positions with Actra Business Systems, Oracle's UNIX Product Division and the Advanced Systems Division of Wyse Technology. He holds a Master of Science degree in Electronic Engineering and Computer Science from the University of California, Berkeley, a Master of Business degree from Santa Clara University and a Bachelor of Science degree in Electronic Engineering from Taiwan University.

Ip Yuk-keung, Albert

aged 61, has been an Independent Non-executive Director of the Company since 24 June 2013. He is also a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Ip is an independent non-executive director of AEON Credit Service (Asia) Company Limited (stock code: 900), Eagle Asset Management (CP) Limited (manager of Champion Real Estate Investment Trust (stock code: 2778)), Hopewell Highway Infrastructure Limited (stock code: 737), New World China Land Limited (stock code: 917) and Power Assets (stock code: 6).

Mr. Ip is an international banking and real estate professional with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and United States. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr. Ip was named managing director of Citigroup in 2003 and senior credit officer/real estate specialist of Citicorp in 1990. He held senior positions at Citigroup such as corporate bank head, head of Transaction Banking, Corporate Customer and Financial Institutions coverage and head of Asia Regional Investment Finance of Wealth Management. He was a managing director of investments at Merrill Lynch (Asia Pacific).

Mr. Ip is a Council and Court Member and an Adjunct Professor of Lingnan University, a Member of International Advisory Board of College of Business, an Adjunct Professor and an Honoree of the Beta Gamma Sigma Chapter at City University of Hong Kong, a Member and Governor of Technological and Higher Education Institute of Hong Kong, a Member of the International Advisory Committee and an Adjunct Scholar at University of Macau, an Executive Fellow in Asia, an International Delegate, Alumni Board of Governors and a Member of International Advisory Council Asia at Washington University in St. Louis, a Council Member of Cornell University, a Member of School Board Advisory Committee of Victoria Shanghai Academy, an Honorary Fellow of Vocational Training Council and a Member of the Committee on Certification for Principalship of Education Bureau, Hong Kong. Mr. Ip is also a Member of The Management Sub-committee of the Boys' and Girls' Clubs Association of Hong Kong.

Mr. Ip holds a Bachelor of Science degree in Applied Mathematics and Computer Science at Washington University in St. Louis (summa cum laude), a Master of Science degree in Applied Mathematics at Cornell University and a Master of Science in Accounting and Finance at Carnegie-Mellon University.

Chow Woo Mo Fong, Susan

aged 60, has been an Alternate Director to Mr. Frank John Sixt (Chairman) since 5 March 2012 and is an alternate to Mr. Frank Sixt, a member of the Remuneration Committee of the Company. She was a Non-executive Director of the Company up until 5 March 2012. She is an executive director of CKI, Hutchison Harbour Ring Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, a non-executive director of HTHKH, a director of HTAL and an alternate director of CKI and HTAL. She is also the deputy group managing director of HWL, and a director of HIL and Easterhouse, which are substantial shareholders of the Company within the meaning of Part XV of the SFO. She was previously an executive director and an alternate director of Power Assets. Mrs. Chow is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Changes in Information of Directors

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2013 Interim Report of the Company are set out below:

Name of Director	Details of the Changes
Frank John Sixt	Re-designated from an executive director to a non-executive director of Power Assets on 29 January 2014
Ip Yuk-keung, Albert	Appointed as: – an independent non-executive director of AEON Credit Service (Asia) Company Limited on 19 September 2013 – a Member of the Committee on Certification for Principalship of Education Bureau, Hong Kong on 1 January 2014 – an independent non-executive director of Power Assets on 29 January 2014
Chow Woo Mo Fong, Susan	Appointed as an executive director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited on 5 December 2013 Resigned as an executive director and an alternate director of Power Assets on 29 January 2014

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2013.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The activities of its principal subsidiaries, joint ventures and associated companies are set out on pages 128 to 132.

An analysis of the Group's performance for the year by operating and geographical segments is set out in note 4 to the financial statements.

Results and appropriations

The results for the year are set out in the consolidated income statement on page 45.

The Directors do not recommend the payment of a dividend.

Reserves

As at 31 December 2013, the Company's reserves available for distribution calculated under the Companies Law of the Cayman Islands totalled HK$349,464,000, which comprised share premium account and contributed surplus, less accumulated losses.

Details of the movements in the reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity and note 34 to the financial statements.

Fixed assets

Details of the movements in fixed assets of the Group are set out in note 14 to the financial statements.

Share capital and share options

Details of the movements in share capital and share options of the Company are set out in notes 32 and 33 to the financial statements respectively.

Directors

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

Mr. Frank John Sixt * *(Chairman)*	
Mr. Yeung Kwok Mung *(Chief Executive Officer)*	
Ms. Mak Soek Fun, Angela	
Ms. Chang Pui Vee, Debbie *	
Mr. Ip Tak Chuen, Edmond *	
Mr. Cheong Ying Chew, Henry #	
Mrs. Lee Pui Ling, Angelina *	
Ms. Wu Hung Yuk, Anna #	*(resigned on 1 May 2013)*
Mr. James Sha #	
Mr. Ip Yuk-keung, Albert #	*(appointed on 24 June 2013)*
Mrs. Chow Woo Mo Fong, Susan +	*(alternate Director to Mr. Frank John Sixt)*
Mr. Francis Anthony Meehan +	*(resigned on 12 September 2013)* *(alternate Director to each of Mr. Frank John Sixt, Ms. Chang Pui Vee, Debbie and Mr. Ip Tak Chuen, Edmond)*

* *Non-executive Director*

\# *Independent Non-executive Director*

\+ *Alternate Director*

In accordance with Article 99 of the Company's Articles of Association, Mr. Ip Yuk-keung, Albert who has been appointed as an Independent Non-executive Director by the Board on 24 June 2013 will hold office until the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

In accordance with Article 116 of the Company's Articles of Association, Mr. Yeung Kwok Mung, Mr. Cheong Ying Chew, Henry and Mrs. Lee Pui Ling, Angelina, will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

Directors' service contracts

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

Confirmation of independence of Independent Non-executive Directors

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

Directors' profile

The Directors' profile is set out on pages 10 to 13.

Directors' emoluments

Details of the Directors' emoluments are set out in note 13 to the financial statements.

Share Option Schemes

Pursuant to the written resolutions of the shareholders of the Company dated 11 February 2000, the employees share option scheme (as amended on 24 April 2002) ("Old Option Scheme") was adopted by the Company.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 23 July 2004, the Company adopted a new share option scheme ("New Option Scheme") and terminated the Old Option Scheme due to the withdrawal of the listing of the shares of the Company on GEM and commencement of dealings of the shares of the Company on the Main Board. The adoption of the New Option Scheme and the termination of the Old Option Scheme took effect from 4 August 2004 (listing date of the shares of the Company on the Main Board) (the Old Option Scheme and the New Option Scheme collectively are referred to as the "Schemes").

Summary of the Schemes

(a) Purpose of the Schemes

The purpose of the Old Option Scheme and the New Option Scheme is to attract, retain and motivate talented participants to strive for future developments and expansion of the Group. The Old Option Scheme shall be an incentive to encourage the participants and to allow the participants to enjoy the results of the Company attained through their efforts and contribution.

(b) Participants of the Schemes

Pursuant to the Old Option Scheme and the New Option Scheme, the Board may, at its discretion, invite any participant (including any employee and director of the Group and of any company in which the Group owns or controls 20% or more of its voting rights and/or issued share capital, business associate and trustee) to take up option to subscribe for shares of the Company. However, participants do not include any substantial shareholder of the Company and/or any of its Associates. No further options may be granted under the Old Option Scheme upon its termination.

(c) Total number of shares available for issue under the Schemes

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the New Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the New Option Scheme (i.e. 388,941,336 shares of the Company, which represents approximately 10% of the issued share capital of Company as at 27 February 2014).

The maximum number of shares of the Company which may be issued upon exercise of outstanding options granted and yet to be exercised under the Schemes and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

(d) Maximum entitlement of each participant

The total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

(e) Time of exercise of options

Pursuant to the Old Option Scheme and the New Option Scheme, any option may be exercised in accordance with its terms at any time during a period to be notified by the Board to each grantee provided that the period within which the options must be exercised shall not be more than 10 years from the date of grant of the option.

(f) Payment on acceptance of option

Pursuant to the Schemes, HK$5 is payable by the grantee to the Company on acceptance of the option within 28 days from the date of grant of the option.

(g) Basis of determining the subscription price

The subscription price per share under the Old Option Scheme and the New Option Scheme shall be determined by the Board at its absolute discretion and notified to each participant and shall be no less than the higher of:–

(i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant, which must be a business day;

(ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share of the Company.

(h) Remaining life of the Schemes

The Old Option Scheme has no remaining life as no further options may be granted but the provisions of the Old Option Scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Old Option Scheme may continue to be exercisable in accordance with their respective terms of issue.

The New Option Scheme will continue to be in full force and effect for a period of 10 years commencing on 23 July 2004 (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the New Option Scheme). After termination, no further options will be granted but the provisions of the New Option Scheme shall in all other respects remain in full force and effect and the options which are granted during the life of the New Option Scheme may continue to be exercised in accordance with their terms of issue.

The other principal terms of the Old Option Scheme and the New Option Scheme are set out in the listing document of the Company dated 29 June 2004.

Outstanding share options

(a) Old Option Scheme

As at 31 December 2013, the Company did not have outstanding options. Details of the share option movement during the year ended 31 December 2013 were as follows:

		Number of share options							
	Date of grant	Outstanding as at 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2013	Option Period	Subscription price per share of the Company *HK$*
Director *(Note 1)*	9/10/2003	6,000,000	–	–	(6,000,000)	–	0	9/10/2003 – 8/10/2013	2.505
Employees (including ex-employees)	9/10/2003	226,000	–	–	(226,000)	–	0 *(Note 2)*	9/10/2003 – 8/10/2013	2.505
	Total:	6,226,000	–	–	(6,226,000)	–	0		

Notes:

1. Details of the options granted to the Director are set out in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" below.

2. (i) For certain grantees, all the options have vested on 10 October 2003.

   (ii) For certain grantees, the options have vested in three tranches. The first tranche of the options has vested on the anniversaries of their respective joining dates with the Group in 2004, the second and third tranches of the options have vested on the anniversaries of their respective joining dates with the Group in 2005 and 2006.

   (iii) For certain grantees, the options have vested in three tranches in the proportion of 1/3:1/3:1/3. The first tranche of the options has vested on the anniversaries of their respective joining dates with the Group in 2004, the second and third tranches of the options have vested on the anniversaries of their respective joining dates with the Group in 2005 and 2006.

(b) New Option Scheme

No option has been granted pursuant to the New Option Scheme since its adoption.

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

As at 31 December 2013, 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:

(a) Long positions in shares of the Company

		Number of shares of the Company					
Name of Directors	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate percentage of shareholding
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%

(b) Rights to acquire shares of the Company

Pursuant to the Old Option Scheme, a Director was granted share options to subscribe for the shares of the Company. Details of which as at 31 December 2013 were as follows:

		Number of share options							
Name of Director	Date of grant	Outstanding as at 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2013	Option Period	Subscription price per share of the Company *HK$*
Mak Soek Fun, Angela	9/10/2003	6,000,000	–	–	(6,000,000)	–	0 *(Note)*	9/10/2003 – 8/10/2013	2.505
	Total:	**6,000,000**	**–**	**–**	**(6,000,000)**	**–**	**0**		

Note: The options have vested in four tranches. The first tranche of 2,700,000 options and the second, third and fourth tranches of 1,100,000 options each have vested on 10 October 2003, 1 January 2004, 1 January 2005 and 1 January 2006 respectively.

Save as disclosed above, during the year ended 31 December 2013, none of the Directors or chief executive was granted options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and short positions of substantial shareholders

As at 31 December 2013, 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
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	1,429,024,545 *(L) (Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustee Corporation Limited *(as trustee of The Li Ka-Shing Unity Discretionary Trust)*	Trustee & beneficiary of a trust	1,429,024,545 *(L) (Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustcorp Limited *(as trustee of another discretionary trust)*	Trustee & beneficiary of a trust	1,429,024,545 *(L) (Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustee Company Limited *(as trustee of The Li Ka-Shing Unity Trust)*	Trustee	1,429,024,545 *(L) (Notes 1 & 2)*	36.70%
CKH	Interest of controlled corporations	1,429,024,545 *(L) (Notes 1 & 2)*	36.70%
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%

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
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%
HWL	Interest of controlled corporations	952,683,363 *(L) (Note 2)*	24.47%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 *(L) (Note 2)*	24.47%
Easterhouse Limited	Beneficial owner	952,683,363 *(L) (Note 2)*	24.47%
Chau Hoi Shuen	Interest of controlled corporations	995,078,363 *(L) (Notes 3 & 4)*	25.55%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	995,078,363 *(L) (Notes 3 & 4)*	25.55%
Schumann International Limited	Beneficial owner	580,000,000 *(L) (Notes 3 & 4)*	14.90%
Handel International Limited	Beneficial owner	348,000,000 *(L)(Notes 3 & 4)*	8.94%
Lin Tian Maw	Beneficial owner & interest of child under 18 or spouse	300,146,000 *(L)*	7.71%

(L) *denotes a long position*

Notes:

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

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

Li Ka-Shing Unity Holdings Limited, of which Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited. Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, together with certain companies which Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in The Li Ka-Shing Unity Trust.

(2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of HWL. By virtue of the SFO, HWL and Hutchison International Limited are deemed to be interested in the 952,683,363 shares of the Company held by Easterhouse Limited.

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, Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Li Ka-Shing Unity Trustee Corporation Limited, Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited and CKH are all deemed to be interested in the 476,341,182 shares of the Company and 952,683,363 shares of the Company held by Romefield Limited and Easterhouse Limited respectively.

(3) Schumann International Limited and Handel International Limited are companies controlled by Cranwood Company Limited and Ms. Chau Hoi Shuen is entitled to exercise more than one-third of the voting power at the general meetings of Cranwood Company Limited.

By virtue of the SFO, Cranwood Company Limited is deemed to be interested in the 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Schumann International Limited and Handel International Limited respectively in addition to 67,078,363 shares of the Company held by itself.

By virtue of the SFO, Ms. Chau Hoi Shuen is deemed to be interested in 67,078,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Cranwood Company Limited, Schumann International Limited and Handel International Limited respectively.

(4) Cranwood Company Limited, Schumann International Limited and Handel International Limited have charged 67,078,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company respectively in favour of HWL on 16 December 2013.

Save as disclosed above, as at 31 December 2013, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

Connected transactions

Significant related party transactions entered by the Group during the year ended 31 December 2013 are disclosed in note 39 to the financial statements. The related party transactions which constitute connected transactions in the context of Listing Rules are summarised below.

Continuing connected transactions

(a) On 26 March 2010, TOM International has entered into a tenancy agreement with The Center (48) Limited ("The Center (48)", an Associate of CKH) in respect of the lease by TOM International of the entire 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong with gross floor area of approximately 25,563 square feet for a term of 3 years commencing from 1 April 2010 to 31 March 2013. The annual total amount of the rent and management fee payable by TOM International are subject to the annual caps of HK$7,952,976, HK$9,946,380, HK$10,082,028 and HK$1,972,134 for the years 2010, 2011, 2012 and 2013 respectively. During the year, HK$1,905,000 has been paid by TOM International to The Center (48).

(b) In consideration of CKH and HWL (all being substantial shareholders of the Company) granting the guarantees ("Guarantees") in respect of the Company's obligations under the term and revolving loan facilities of up to an aggregate principal amount of HK$2,200 million by four independent financial institutions (the "Loan Facilities"), on 7 October 2011, the Company has entered into certain guarantee fee agreements with CKH and HWL respectively, under which, the Company has agreed to pay an aggregate guarantee fee in an amount equivalent to 0.5% per annum of the aggregate principal amount outstanding under the Loan Facilities to CKH and HWL payable quarterly in advance in proportion to their respective percentage of the Guarantees given in respect of the obligations of the Company under the Loan Facilities, subject to the annual caps of HK$3,000,000, HK$11,000,000, HK$11,000,000 and HK$9,000,000 for the years 2011, 2012, 2013 and 2014 respectively. During the year, an aggregate of HK$9,354,000 has been paid by the Company to CKH and HWL.

(c) On 30 December 2011, TOM International has entered into an advertising services agreement with HIL (a wholly-owned subsidiary of HWL, a substantial shareholder of the Company), under which, TOM International shall provide, and/or to procure other members of the Group to provide the print, publishing, advertising and other services to the HIL Group at a fee to be calculated with reference to the then market rate for a term commencing from 1 January 2012 and expiring on 31 December 2014, subject to the annual caps of HK$53,000,000, HK$56,000,000 and HK$60,000,000 for the years 2012, 2013 and 2014 respectively. During the year, HK$31,549,000 has been paid by HIL to the Group.

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

The annual caps for the Advertising Payment are HK$23,000,000, HK$24,000,000 and HK$25,000,000 for the years 2013, 2014 and 2015 respectively. During the year, the Advertising Payment paid by Yangcheng Advertising to YCWB amounted to HK$15,855,000.

During the year, the Group has entered into the following continuing connected transactions as defined under the Listing Rules:

(a) On 26 March 2013, TOM International has entered into a tenancy agreement with The Center (48) (an Associate of CKH) in respect of the lease by TOM International of the entire 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong with gross floor area of approximately 25,563 square feet for a term of 3 years commencing from 1 April 2013 to 31 March 2016. The annual total amount of the rent and management fee payable by TOM International are subject to the annual caps of HK$12,073,000, HK$16,234,000, HK$16,385,000 and HK$4,138,000 for the years 2013, 2014, 2015 and 2016 respectively. During the year, HK$12,073,000 has been paid by TOM International to The Center (48).

(b) In consideration of CKH and HWL (all being substantial shareholders of the Company) granting the guarantees ("Guarantees") in respect of the Company's obligations under the term and revolving loan facilities of up to an aggregate principal amount of HK$2,900 million by four independent financial institutions (the "Loan Facilities"), on 16 December 2013, the Company has entered into certain guarantee fee agreements with CKH and HWL respectively, under which, the Company has agreed to pay an aggregate guarantee fee in an amount equivalent to 0.5% per annum of the aggregate principal amount outstanding under the Loan Facilities to CKH and HWL payable quarterly in advance in proportion to their respective percentage of the Guarantees given in respect of the obligations of the Company under the Loan Facilities, subject to the annual caps of HK$700,000, HK$14,500,000, HK$14,500,000 and HK$14,300,000 for the years 2013, 2014, 2015 and 2016 respectively. During the year, an aggregate of HK$138,000 has been paid by the Company to CKH and HWL.

The aforesaid continuing connected transactions ("Continuing Connected Transactions") have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 23 to 24 of the Annual Report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Directors' interests in contracts

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

Directors' interests in competing business

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

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

Management contracts

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

Major customers and suppliers

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

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

Pre-emptive rights

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

Subsequent events

Details of significant events which have been taken place subsequent to the reporting period are set out in note 40 to the financial statements.

Purchase, sale or redemption of shares

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

Auditor

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

Public float

As at the date of this report, based on information available to the Company and within the knowledge of the Directors, approximately 37.74% of the issued share capital of the Company was held by the public.

By Order of the Board

Frank John Sixt
Chairman

Hong Kong, 27 February 2014

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

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

Corporate Governance Code ("Code")

The Company has complied with all the code provisions of the Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2013, save and except Code Provisions A.5 and E.1.2.

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

The Chairman was unable to attend the annual general meeting held on 13 May 2013 due to other business engagement.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the Group's code of conduct regarding Directors' securities transactions. In response to specific enquiry made with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2013.

The Board

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

The Board, led by the Chairman, is responsible for the formulation of Group-wide strategies and policies, including an oversight of the management of the Company ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Executive Directors.

As at 31 December 2013, the Board comprised 9 Directors, including the Chairman, Chief Executive Officer, Chief Financial Officer, three Non-executive Directors and three Independent Non-executive Directors (but excluding one Alternate Director). At least one of the Independent Non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out in the "Directors' Profile" section on pages 10 to 13 and on the website of the Company (www.tomgroup.com).

For a Director to be considered independent, the Board must be satisfied that the Director does not have any direct or indirect material relationship with the Group. In determining the independence of Directors, the Board follows the requirements of the Listing Rules. The Board has made an assessment of the independence of all the Independent Non-executive Directors of the Company and considers them to be independent having taken into account (a) each of the Independent Non-executive Directors having made an annual confirmation of independence as required under Rule 3.13 of the Listing Rules, (b) the absence of involvement in the day-to-day management of the Company or circumstances which would interfere with the exercise of their independent judgement.

Pursuant to Rules 3.10(1) and 3.10A of the Listing Rules, the Company should have at least three Independent Non-executive Directors representing at least one-third of the Board, and Rule 3.11 states that the Company shall appoint sufficient number of Independent Non-executive Directors to meet the minimum number as required within three months. Following the resignation of Ms. Wu Hung Yuk, Anna on 1 May 2013, the number of Independent Non-executive Directors of the Company had fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules. On 24 June 2013, Mr. Ip Yuk-keung, Albert was appointed as an Independent Non-executive Director of the Company whereupon the number of Independent Non-executive Directors of the Company is three and represents at least one-third of the Board which is in full compliance with the Listing Rules. The Company has also complied with Rule 3.11 as regards appointing a sufficient number of Independent Non-executive Directors to meet the minimum number required under Rules 3.10(1) and 3.10A within three months after the resignation of Ms. Anna Wu.

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

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

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

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

The Board meets regularly, and at least 4 times a year with meeting dates scheduled at the beginning of the year. Between scheduled meetings, senior management of the Group provides information to Directors on a regular basis with respect to the activities and development of the businesses of the Group. Throughout the year, Directors participate in the consideration and approval of certain significant operational matter of the Company by way of circulating resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Company Secretary and other executives as and when required. Details of material or notable transactions of subsidiaries, joint ventures and associated companies are provided to Directors as appropriate. Whenever warranted, additional Board Meetings are held. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

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

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

The Board held 4 regular meetings in 2013 with 94% attendance.

The attendance records of the meetings held in 2013 are set out below:

	Board Meetings	General Meeting
Chairman		
Mr. Frank John Sixt	4/4	0/1
Executive Directors		
Mr. Yeung Kwok Mung *(Chief Executive Officer)*	4/4	1/1
Ms. Mak Soek Fun, Angela *(Chief Financial Officer)*	4/4	1/1
Non-executive Directors		
Ms. Chang Pui Vee, Debbie	4/4	0/1
Mr. Ip Tak Chuen, Edmond	4/4	0/1
Mrs. Lee Pui Ling, Angelina	3/4	0/1
Independent Non-executive Directors		
Mr. Cheong Ying Chew, Henry	4/4	1/1
Ms. Wu Hung Yuk, Anna(1)	1/1	N/A
Mr. James Sha	3/4	0/1
Mr. Ip Yuk-keung, Albert(2)	2/2	N/A

Notes:

(1) Resigned on 1 May 2013

(2) Appointed on 24 June 2013

In addition to the regular Board meetings, a meeting between the Chairman, Non-executive Directors and Independent Non-executive Directors without the presence of Executive Directors was held once in 2013.

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

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

Training and Commitment

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

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

The individual training record of each current Director who held office during the year ended 31 December 2013 is set out below:

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

Board Committees

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

Company Secretary

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

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

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

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

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles of Association of the Company. Whilst the Company Secretary reports to the Board through the Chairman, all members of the Board have access to the advice and service of the Company Secretary. Ms. Angela Mak has been appointed as the Company Secretary of the Company since 2000, and has the day-to-day knowledge of the Company's affairs. In response to specific enquiries made, the Company Secretary confirmed that she has complied with all the proposed qualifications, experience and training requirements of the Listing Rules throughout 2013.

Financial Reporting

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

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

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 43 to 44.

Audit Committee

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

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

The Audit Committee held 3 meetings in 2013 with 75% attendance.

The attendance records of the Audit Committee meetings held in 2013 are set out below:

Name of Members	Attended
Mr. Cheong Ying Chew, Henry *(Chairman)*	3/3
Ms. Wu Hung Yuk, Anna(1)	1/1
Mr. James Sha	1/3
Mrs. Lee Pui Ling, Angelina	2/3
Mr. Ip Yuk-keung, Albert(2)	2/2

Notes:

(1) Resigned on 1 May 2013

(2) Appointed on 24 June 2013

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

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

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

(b) major judgemental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

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

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

External Auditor

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

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

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

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

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

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

External Auditor's Remuneration

The amount of fees charged by the external auditor of the Company generally depends on the scope and volume of the auditor's work. For the year ended 31 December 2013, the remuneration to the external auditor of the Company were approximately HK$12,637,000 for audit services and HK$30,000 for non-audit services comprising tax services.

Remuneration Committee

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

The Remuneration Committee assists the Board to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and also responsible for the administration of the share option schemes adopted by the Company. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration packages of individual Executive Directors and senior management of the Group is delegated to the Remuneration Committee.

Executive Directors, assisted by the Human Resources Department, are responsible for reviewing all relevant remuneration data and market conditions as well as the performance of the individual and the profitability of the Group, and propose to the Remuneration Committee for consideration and approval, remuneration packages for Directors and senior management. Executive Directors do not participate in the determination of their own remuneration.

Consistent with the principles applied in the past, for the year ended 31 December 2013, the remuneration of Directors and senior management was determined with reference to the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Details of Directors' emoluments for the year ended 31 December 2013 are set out in note 13 to the financial statements.

Internal Control

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

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

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

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2013 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate.

Internal Control Environment

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

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

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

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

The General Manager of the Group's internal audit function, reporting to the Chief Financial Officer on a day-to-day basis, updates the Chief Executive Officer regularly and also directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. Using risk assessment methodology and taking into account the dynamics of the Group's activities, internal audit derives its yearly audit plan which is reviewed by the Audit Committee, and reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. Internal audit is responsible for assessing the Group's internal control system, formulating an impartial opinion on the system, and reporting its findings to the Audit Committee, the Chief Financial Officer and the senior management concerned as well as following up on all reports to ensure that all issues have been satisfactorily resolved. In addition, a regular dialogue is maintained with the Group's external auditor so that both are aware of the significant factors which may affect their respective scope of work.

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

Corporate Governance

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

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

Review of Internal Control Systems and Corporate Governance Compliance

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 December 2013 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Legal, Regulatory Compliance and Directors and Officers Liability Insurance

The Group Legal Department has the responsibility of safeguarding the legal interests of the Group. The team, led by the Head Corporate General Counsel and Company Secretary, is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving legal and corporate secretarial documentation of Group companies, working in conjunction with finance, corporate secretarial and business unit personnel on the review and co-ordination process, and advising Management of legal and commercial issues of concern. In addition, the Group Legal Department is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory framework within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting response to relevant regulatory and/or government consultations. The department also determines and approves the engagement of external legal advisors, ensuring the requisite professional standards are maintained as well as most cost effective services are rendered. Further, the Group Legal Department organises and/or holds continuing education seminars/conferences on legal and regulatory matters of relevance to the Group for its legal counsels. During the year under review, the Company has not made any changes to its Memorandum and Articles of Association ("M&A"). An updated copy of the M&A is available on the websites of the Company and HKEx.

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

Code of Conduct

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

Investor Relations and Shareholders' Rights

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

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

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

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

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

The latest shareholders' meeting of the Company was the 2013 AGM which was held on 13 May 2013 at the Grand Ballroom II, 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hung Hom, Kowloon attended by external auditor and certain Directors including the Chairman of the Remuneration Committee and Chairman of the Audit Committee. The Chairman of the Board was unable to attend that meeting due to other business engagement. Resolutions were proposed at that meeting on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 13 May 2013 are set out below:

ORDINARY RESOLUTIONS		Number of Votes (Approx. %)
		For
1.	To receive and consider the audited financial statements and the reports of the directors and the auditor for the year ended 31 December 2012.	(99.977966%)
2.	(a) To re-elect Mr. Frank John Sixt as a director.	(97.276179%)
	(b) To re-elect Ms. Mak Soek Fun, Angela as a director.	(97.254855%)
	(c) To re-elect Mr. Ip Tak Chuen, Edmond as a director.	(97.276179%)
3.	To re-appoint PricewaterhouseCoopers as the auditor and authorise the board of directors to fix their remuneration.	(99.999289%)
4.	To grant a general mandate to the directors to allot, issue and deal with additional shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution.	(97.250519%)
5.	To grant a general mandate to the directors to repurchase shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution.	(99.999289%)
6.	To extend the general mandate granted to the directors to allot, issue and deal with additional shares by the amount representing the aggregate nominal amount of the issued share capital of the Company repurchased by the Company.	(97.250515%)

By order of the Board

Angela Mak
Company Secretary

Hong Kong, 27 February 2014

The Group is committed to a high standard of corporate social responsibility. As a leading Chinese-language media conglomerate in Greater China, with diverse business interests in e-commerce, mobile Internet, publishing, outdoor media, television and entertainment across markets in Mainland China, Taiwan and Hong Kong, the Group has been working diligently towards achieving long-term sustainable growth of its business while safeguarding stakeholders' interests, and addressing social and environmental concerns.

I. Workplace Quality

Human resources is a valuable asset to the Group. The Group is committed to providing a safe and healthy environment for the staff, and takes all reasonable steps to safeguard the health and safety of the staff. The Group also encourages career development and training, and promotes a healthy living style with work-life balance.

Working Conditions

As equal opportunity employer, the Group is committed to providing a work environment that is free from all forms of discrimination on the basis of race, colour, creed, sex, age, religion, national origin, or disability. This includes all of our employment practices, such as hiring, transfer, recruitment, training, promotion, discipline, rates of pay and benefits, in order to ensure all employees and job applicants enjoy equal opportunities and fair treatment.

The salary and benefit levels of the Group's employees are reviewed annually on a performance related basis within the general framework of TOM Group's salary system. A wide range of benefits including comprehensive medical, life and disability insurance coverage and retirement schemes are also provided to employees. To promote camaraderie across the Group, social, sporting, recreational, health and staff-caring activities were arranged during the year for the employees on a Group-wide basis.

Development and Training

The Group aims to create an environment of continuous improvement in which our staff are encouraged to pursue excellence at work and career development. Training and development programmes, including induction program, in-house training course, external course/seminar, are provided on an ongoing basis throughout the Group.

II. Environmental Protection

The Group supports environmental protection. To enhance our operation efficiencies and reduce our environmental impact, the Group continues to implement green office practices. Such measures include the using of energy-saving lightings and recycled paper, minimising use of paper, reducing energy consumption by switching off idle lightings, computers and electrical appliances.

III. Operating Practices

Anti-corruption

The Group is committed to achieving and maintaining the highest standards of openness, uprightness and accountability and all staff are expected to observe the highest standards of ethical, personal and professional conduct. In addition to the Staff Code of Conduct on anti-bribery and anti-corruption, the Group has issued relevant whistle-blowing procedures and has conducted ongoing review of the effectiveness of the internal control systems on a regular basis.

IV. Community Involvement

The Group strives to improve society through community investment. In 2013, the Group and employees worked closely with their local communities in a variety of initiatives ranging from job creation to educating the next generation.

Giving Back to Society

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

The Group organises regular book donation campaigns to promote reading culture among people from different backgrounds. In 2013, the Group's volunteer team visited a community youth centre and brought different kinds of books and electronic storytellers to share the joy of reading with underprivileged children. The Group also educated children about environmental way of life through stories and planting workshop. In addition, the Group rewarded and encouraged students with excellent academic performance.

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

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

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

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

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TOM GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of TOM Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 45 to 132, which comprise the consolidated and Company statements of financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 February 2014

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Revenue	4	1,927,731	2,205,916
Cost of sales	6	(1,343,111)	(1,580,502)
Selling and marketing expenses	6	(268,526)	(274,019)
Administrative expenses	6	(175,910)	(184,165)
Other operating expenses	6	(345,754)	(330,895)
Other gains, net	6	18,897	28,560
Gain on disposal of interests in subsidiaries	18(b)	1,521,679	–
Provision for impairment of goodwill and other assets	5	(1,718,952)	(136,280)
Loss on deconsolidation of a subsidiary	36(c)	(14,884)	–
Share of profits less losses of investments accounted for using the equity method	18	(20,453)	5,318
		(419,283)	(266,067)
Finance income	7	13,102	16,407
Finance costs	7	(66,482)	(67,550)
Finance costs, net	7	(53,380)	(51,143)
Loss before taxation		(472,663)	(317,210)
Taxation	8	(79,545)	(26,916)
Loss for the year		(552,208)	(344,126)
Attributable to:			
Non-controlling interests		(2,135)	(6,939)
Equity holders of the Company		(550,073)	(337,187)
Loss per share attributable to equity holders of the Company during the year			
Basic and diluted	11	HK(14.13) cents	HK(8.66) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Loss for the year	(552,208)	(344,126)
Item that will not be reclassified subsequently to income statement:		
Remeasurements of defined benefit plans	3,112	(4,636)
Items that have been reclassified or may be subsequently reclassified to income statement:		
Revaluation surplus on available-for-sale financial assets	3,903	2,561
Exchange translation differences	63,464	16,227
Pension reserve recycled to income statement on disposal of a subsidiary	–	1,654
	67,367	20,442
Other comprehensive income for the year, net of tax	70,479	15,806
Total comprehensive expense for the year	(481,729)	(328,320)
Total comprehensive income/(expense) for the year attributable to:		
– Non-controlling interests	1,187	(86)
– Equity holders of the Company	(482,916)	(328,234)

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	14	**142,315**	205,983
Goodwill	15	**646,914**	2,154,471
Other intangible assets	16	**88,023**	92,594
Investments accounted for using the equity method	18	**1,435,970**	232,570
Available-for-sale financial assets	20	**24,137**	20,546
Advance to an investee company	21	**2,180**	2,177
Deferred tax assets	31(a)	**34,421**	51,794
Other non-current assets	22	**6,725**	12,602
		2,380,685	2,772,737
Current assets			
Inventories	23	**114,096**	114,130
Trade and other receivables	24	**793,169**	784,917
Restricted cash	25	**3,105**	2,963
Cash and cash equivalents	26	**695,179**	797,115
		1,605,549	1,699,125
Current liabilities			
Trade and other payables	27	**945,806**	1,034,187
Taxation payable		**48,836**	48,653
Long-term bank loans – current portion	29	**73,901**	76,067
Short-term bank loans	28	**171,138**	140,389
		1,239,681	1,299,296
Net current assets		**365,868**	399,829
Total assets less current liabilities		**2,746,553**	3,172,566
Non-current liabilities			
Deferred tax liabilities	31(b)	**6,398**	11,340
Non-current portion of long-term bank loans	29	**2,075,718**	1,999,502
Pension obligations	30(a)	**37,120**	40,089
		2,119,236	2,050,931
Net assets		**627,317**	1,121,635

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	32	389,328	389,328
(Deficits)/Reserves		(66,792)	416,648
Own shares held	35	(6,244)	(6,244)
		316,292	799,732
Non-controlling interests		311,025	321,903
Total equity		627,317	1,121,635

Yeung Kwok Mung
Director

Mak Soek Fun, Angela
Director

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	17	1,551,416	1,582,911
Other non-current assets	22	–	4,338
		1,551,416	1,587,249
Current assets			
Amounts due from subsidiaries	17	1,846,120	1,928,053
Other receivables	24	7,233	6,764
Cash and cash equivalents	26	478	1,133
		1,853,831	1,935,950
Current liabilities			
Amounts due to subsidiaries	17	640,186	627,522
Other payables	27	48,737	47,348
		688,923	674,870
Net current assets		1,164,908	1,261,080
Non-current liabilities			
Long-term bank loans	29	1,983,000	1,828,000
Net assets		733,324	1,020,329
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	32	389,328	389,328
Reserves	34	350,240	637,245
Own shares held	35	(6,244)	(6,244)
		733,324	1,020,329

Yeung Kwok Mung
Director

Mak Soek Fun, Angela
Director

For the year ended 31 December 2013

	Group – Attributable to equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Non-controlling interests HK$'000	Total Equity HK$'000
Balance at 1 January 2013	389,328	(6,244)	3,625,981	28,021	776	144,464	4,109	731,064	(4,117,767)	799,732	321,903	1,121,635
Comprehensive income:												
Loss for the year	–	–	–	–	–	–	–	–	(550,073)	(550,073)	(2,135)	(552,208)
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets	–	–	–	–	–	–	3,903	–	–	3,903	–	3,903
Remeasurements of defined benefit plans	–	–	–	–	–	–	–	–	3,353	3,353	(241)	3,112
Exchange translation differences	–	–	–	–	–	–	–	59,901	–	59,901	3,563	63,464
Total comprehensive income/(expense) for the year ended 31 December 2013	–	–	–	–	–	–	3,903	59,901	(546,720)	(482,916)	1,187	(481,729)
Transactions with equity holders:												
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(6,796)	(6,796)
Dilution of non-controlling interests upon capital injection in a subsidiary	–	–	–	(524)	–	–	–	–	–	(524)	524	–
Deconsolidation of a subsidiary (note 36(c))	–	–	–	–	–	–	–	–	–	–	(3,154)	(3,154)
Distribution to non-controlling interests upon deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	(4,531)	(4,531)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1,892	1,892
Transfer to general reserve	–	–	–	–	–	6,078	–	–	(6,078)	–	–	–
Transfer to retained earnings upon expiry of share options	–	–	–	(38,683)	–	–	–	–	38,683	–	–	–
Transactions with equity holders	–	–	–	(39,207)	–	6,078	–	–	32,605	(524)	(12,065)	(12,589)
Balance at 31 December 2013	389,328	(6,244)	3,625,981	(11,186)	776	150,542	8,012	790,965	(4,631,882)	316,292	311,025	627,317

	Group											
	Attributable to equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Non-controlling interests HK$'000	Total Equity HK$'000
Balance at 1 January 2012	389,328	(6,244)	3,625,981	26,314	776	139,257	1,548	722,083	(3,772,784)	1,126,259	329,515	1,455,774
Comprehensive income:												
Loss for the year	–	–	–	–	–	–	–	–	(337,187)	(337,187)	(6,939)	(344,126)
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets	–	–	–	–	–	–	2,561	–	–	2,561	–	2,561
Remeasurements of defined benefit plans	–	–	–	–	–	–	–	–	(3,960)	(3,960)	(676)	(4,636)
Pension reserve recycled to income statement on disposal of a subsidiary	–	–	–	–	–	–	–	–	1,371	1,371	283	1,654
Exchange translation differences	–	–	–	–	–	–	–	8,981	–	8,981	7,246	16,227
Total comprehensive income/(expense) for the year ended 31 December 2012	–	–	–	–	–	–	2,561	8,981	(339,776)	(328,234)	(86)	(328,320)
Transactions with equity holders:												
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(12,403)	(12,403)
Acquisition of additional interests in a subsidiary	–	–	–	1,707	–	–	–	–	–	1,707	(4,318)	(2,611)
Deconsolidation of a subsidiary (note 36(c))	–	–	–	–	–	–	–	–	–	–	(85)	(85)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	9,280	9,280
Transfer to general reserve	–	–	–	–	–	5,207	–	–	(5,207)	–	–	–
Transactions with equity holders	–	–	–	1,707	–	5,207	–	–	(5,207)	1,707	(7,526)	(5,819)
Balance at 31 December 2012	389,328	(6,244)	3,625,981	28,021	776	144,464	4,109	731,064	(4,117,767)	799,732	321,903	1,121,635

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Net cash inflow from operations	36(a)	49,747	106,309
Interest paid		(32,868)	(34,211)
Overseas taxation paid		(52,836)	(37,171)
Net cash (used in)/from operating activities		(35,957)	34,927
Cash flows from investing activities			
Capital expenditure		(161,056)	(262,328)
Proceeds from disposal of fixed assets		1,733	2,316
Acquisition of additional interests in a subsidiary		–	(2,611)
Acquiring full control in a joint venture		–	1,939
Disposal of interests in subsidiaries	36(b)	(2,117)	11,162
Deconsolidation of a subsidiary	36(c)	(864)	(1,154)
Capital investment in an associated company		(7,586)	(9,960)
Capital investment in a joint venture		(9,334)	–
Capital investment in an available-for-sale financial asset		–	(5,200)
Capital reduction in an available-for-sale financial asset		–	338
Advance to an associated company		(2,129)	–
Advance to joint ventures		–	(3,120)
Dividends received		2,817	3,459
Net cash used in investing activities		(178,536)	(265,159)
Cash flows from financing activities			
New bank loans	36(d)	2,361,516	1,098,448
Loan repayments	36(d)	(2,245,671)	(1,031,550)
Loan arrangement fee paid		(11,337)	(9,434)
Contribution from non-controlling interests		–	7,383
Dividends paid to non-controlling interests		(6,796)	(12,403)
(Increase)/reduction of restricted cash	25	(142)	803
Net cash from financing activities		97,570	53,247
Decrease in cash and cash equivalents		(116,923)	(176,985)
Cash and cash equivalents at 1 January		797,115	961,773
Exchange adjustment		14,987	12,327
Cash and cash equivalents at 31 December	26	695,179	797,115

1 Principal accounting policies

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

(a) Basis of preparation

The consolidated financial statements 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, as set out in note 1(f) below, available-for-sale financial assets are stated at fair value, unless fair value cannot be reliably measured. During the year ended 31 December 2013, certain subsidiaries ceased to be subsidiaries and became joint ventures of the Group, which are accounted for using the equity method.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

In the current year, the Group has adopted all the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2013.

Except as described below, the adoption of these new and revised standards, amendments and interpretations does not have a material impact on the Group's accounting policies.

HKFRS 10 Consolidated Financial Statements and HKAS 27 Separate Financial Statements
HKFRS 10 establishes a single control model that applies to all entities including special purpose entities. HKFRS 10 replaces the parts of previously existing HKAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. HKFRS 10 had no impact on the consolidation of investments held by the Group.

1 Principal accounting policies (Continued)

(a) Basis of preparation (Continued)

HKFRS 11 Joint Arrangements and HKAS 28 Investment in Associates and Joint Ventures
HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*.

Under HKFRS 11 Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Unlike HKAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted. The application of this new standard had no impact on the Group's results of operations or financial position.

HKFRS 12 Disclosures of Interests in Other Entities
HKFRS 12 includes new disclosures for all form of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structures entities. Accordingly, the Group provides these disclosures in the notes to the financial statements.

HKFRS 13 Fair Value Measurement
HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Accordingly, the Group provides these disclosures in the notes to the financial statements. The application of HKFRS 13 has no impact on the fair value measurement carried out by the Group.

HKAS 1 Presentation of Items of Other Comprehensive Income – Amendments to HKAS 1
The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKAS 19 Employee Benefits (Revised 2011) ("HKAS 19 (2011)")
HKAS 19 (2011) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income and permanently excluded from income statement; expected returns on plan assets are no longer recognised in income statement and instead, interest on the net defined benefit liability (asset) is in income statement, calculated using the discount rate used to measure the defined benefit obligation, and unvested past service costs are now recognised in income statement in the period and not amortised over the vesting period. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

HKAS 19 (2011) requires retrospective application. The application of this revised standard had no material impact on the Group's results of operations or financial position.

1 Principal accounting policies (Continued)

(a) Basis of preparation (Continued)

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

HKFRSs (Amendments) [(2)]	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments) [(3)]	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 32 (Amendment) [(1)]	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments) [(1)]	Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment) [(1)]	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 9 [(4)]	Financial Instruments
HKFRS 9 and HKFRS 7 (Amendments) [(4)]	Mandatory Effective Date and Transitions Disclosures
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments) [(1)]	Consolidation for Investment Entities
HK(IFRIC) – Int 21 [(1)]	Levies

(1) Effective for the Group for annual periods beginning 1 January 2014

(2) Effective for the Group for annual periods beginning 1 January 2015, except for "Amendment to HKFRS 2 Share-based Payment" and "Amendment to HKFRS 3 Business Combinations" which are applicable to share-based payment transactions with a grant date, and business combinations for which the acquisition date, is on or after 1 July 2014

(3) Effective for the Group for annual periods beginning 1 January 2015

(4) The current version of HKFRS 9 does not include a mandatory effective date. An effective date will be added when all phases of HKFRS 9 are completed and finalised.

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

(b) Consolidation

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

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

1 Principal accounting policies (Continued)

(b) Consolidation (Continued)

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

1 Principal accounting policies (Continued)

(c) Transactions with non-controlling interests

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

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

(d) Joint arrangements

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

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(e) Associated companies

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

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

1 Principal accounting policies (Continued)

(e) Associated companies (Continued)

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

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

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(f) Financial assets

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

1 Principal accounting policies (Continued)

(f) Financial assets (Continued)

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1 Principal accounting policies (Continued)

(f) Financial assets (Continued)

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

(g) Fixed assets

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

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

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

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

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

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

1 Principal accounting policies (Continued)

(h) Intangible assets

(i) Goodwill

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

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

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

(ii) Other intangible assets

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

Principal annual rates are as follows:

Concession rights	5% – $33^1/_3$%
Publishing rights	the higher of 6% – 50% or on an individual basis reference to the amount of revenues earned in proportion to management's estimate of actual revenue in respect to the publishing rights.
Software and customer base and technology know-how	20% – 100%

Programme and film rights are amortised on an individual basis based on the amount of revenues earned in proportion to management's estimate of the total revenue in respect of the programme and film rights respectively.

1 Principal accounting policies (Continued)

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

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

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

(j) Operating leases

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

(k) Inventories

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

(l) Trade and other receivables

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

1 Principal accounting policies (Continued)

(m) Employee benefits

(i) Pension obligations

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

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

1 Principal accounting policies (Continued)

(m) Employee benefits (Continued)

(ii) Share-based compensation

The Group operates equity-settled, share-based compensation plans under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted by using an option-pricing model – Black-Scholes valuation model at the grant date:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(iii) Termination benefits

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

1 Principal accounting policies (Continued)

(n) Borrowings

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

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

(o) Current and deferred income tax

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

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

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

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

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

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

1 Principal accounting policies (Continued)

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

(q) Trade payables

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

(r) Contingent liabilities and contingent assets

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

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

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

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

(s) Revenue recognition

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

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

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

1 Principal accounting policies (Continued)

(s) Revenue recognition (Continued)

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

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

(t) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(2) income and expenses for each income statement are translated at average exchange rates; and
(3) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

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

1 Principal accounting policies (Continued)

(u) Segment reporting

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

Segment profit/loss excludes other material non-cash items, such as provision for impairment, share of profits less losses of joint ventures, share of profits less losses of associated companies and unallocated expenses. Unallocated expenses represent corporate expenses, including finance costs, and depreciation and amortisation.

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

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

(v) Cash and cash equivalents

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

(w) Share capital

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

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

2 Financial risk management

(a) Financial risk factors

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

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

(i) Credit risk

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

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

(ii) Liquidity risk

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

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

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Liquidity risk (Continued)

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 December 2013			
Group			
Bank borrowings, including interest payable	248,226	95,902	2,095,415
Trade and other payables excluding non-financial liabilities	766,582	–	–
Company			
Bank borrowings, including interest payable	–	–	2,095,415
Amounts due to subsidiaries	640,186	–	–
Other payables	48,737	–	–
At 31 December 2012			
Group			
Bank borrowings, including interest payable	219,259	1,974,195	101,152
Trade and other payables excluding non-financial liabilities	823,902	–	–
Company			
Bank borrowings, including interest payable	–	1,895,523	–
Amounts due to subsidiaries	627,522	–	–
Other payables	47,186	–	–

(iii) Cash flow interest rate risk

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

At 31 December 2013, if interest rates on all borrowings had been 100 basis points higher/lower with all other variables held constant, pre-tax loss for the year would have been HK$23,208,000 higher/lower (2012: HK$22,160,000 higher/lower on pre-tax loss), mainly as a result of higher/lower interest expense on floating rate borrowings.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Cash flow interest rate risk (Continued)

At 31 December 2013, if interest rates on all interest-bearing bank deposits had been 100 basis points higher/lower with all other variables held constant, pre-tax loss for the year would have been HK$6,963,000 lower/higher (2012: HK$7,980,000 lower/higher on pre-tax loss) due to higher/lower interest income earned on market interest rates.

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

(iv) Foreign currency risk

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

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

For companies with HK$ as their functional currency

At 31 December 2013, if RMB had weakened/strengthened by 5% against HK$ with all other variables held constant, pre-tax loss for those companies for the year would have been HK$101,000 higher/lower (2012: HK$68,000 higher/lower on pre-tax loss), mainly as a result of foreign exchange losses/gains on translation of RMB denominated cash and bank balances, trade and other receivables, and trade and other payables. Loss in 2013 is more sensitive to movement in currency exchange rate than that in 2012 because the amount of RMB denominated cash and bank balances, and trade and other receivables held by operating companies in Hong Kong increased in a greater proportion than trade and other payables.

For companies with RMB as their functional currency

At 31 December 2013, if HK$/US$ had weakened/strengthened by 5% against RMB with all other variables held constant, pre-tax loss for those companies for the year would have been HK$676,000 higher/lower (2012: HK$1,086,000 higher/lower on pre-tax loss), mainly as a result of foreign exchange losses/gains on translation of HK$/US$ denominated cash and bank balances, trade and other receivables, and trade and other payables. Loss in 2013 is less sensitive to movement in currency exchange rate than that in 2012 because the amount of HK$/US$ denominated cash and bank balances, and trade and other receivables held by operating companies in the PRC had decreased.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Foreign currency risk (Continued)

For companies with NT$ as their functional currency

At 31 December 2013, if HK$/US$ had weakened/strengthened by 5% against NT$ with all other variables held constant, pre-tax profit for those companies for the year would have been HK$20,000 lower/higher (2012: HK$54,000 lower/higher on pre-tax profit), mainly as a result of foreign exchange losses/gains on translation of HK$/US$ denominated cash and bank balances. Profit in 2013 is less sensitive to movement in currency exchange rate than that in 2012 because the amount of HK$/US$ denominated cash and bank balances held by operating companies in Taiwan had decreased.

(v) Price risk

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

(vi) Market risks sensitivity analysis

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

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

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

2 Financial risk management (Continued)

(b) Capital risk management

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

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

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

The gearing ratios at 31 December 2013 and 2012 were as follows:

	2013 HK$'000	2012 HK$'000
Short-term bank loans (note 28)	171,138	140,389
Long-term bank loans (note 29)	2,149,619	2,075,569
Total borrowings	2,320,757	2,215,958
Total equity	627,317	1,121,635
Total capital	2,948,074	3,337,593
Gearing ratio	79%	66%

The increase in the gearing ratio in 2013 was mainly due to decrease in reserves and increase in bank loans to finance the Company's investment, capital expenditure and working capital requirements.

The Group has certain covenants with banks for the banking facilities granted including compliance of certain financial covenants and obtaining lenders' consent on dividend distribution to the Group by the loan-borrowing subsidiary. Management regularly monitors the Group's compliance of the covenant requirements.

(c) Fair value estimation

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

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

2 Financial risk management (Continued)

(c) Fair value estimation (Continued)

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

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

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

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

	Level 1 HK$'000
At 31 December 2013	
Assets	
Available-for-sale financial assets – Equity securities	11,874
Total assets	11,874
Total liabilities	–
At 31 December 2012	
Assets	
Available-for-sale financial assets – Equity securities	7,971
Total assets	7,971
Total liabilities	–

3 Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities related to defined benefit retirement obligations and fair value of share options granted are contained in notes 30 and 33 to the consolidated financial statements, respectively. Other key sources of estimation uncertainty are as follows:

(a) Critical accounting estimates and assumptions

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of the CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (note 15).

Impairment charges arose in CGUs of the Mobile Internet Group: HK$1,297,203,000 (2012: HK$120,280,000), Outdoor Media Group: HK$216,285,000 (2012: HK$6,000,000) and Television and Entertainment Group: HK$35,535,000 (2012: HK$10,000,000) during the year, resulting in the carrying amounts of those CGUs being written down to their recoverable amounts. For sensitivity analysis, if a 1% annual sales growth rate is reduced from the original discounted cash flow assumption under the value-in-use calculation, the Group would have recognised a further impairment of HK$6,203,000.

(ii) Income taxes

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

(iii) Provision for sales return

Revenue is stated net of sales return provision. Sales return provision is made by the Group upon the delivery of goods to the customers when the significant risks and rewards of ownership of the goods are transferred to the customers. As at 31 December 2013, the provision for sales return of the Group amounted to HK$43,529,000 (2012: HK$45,342,000). This provision is recognised by the Group based on the best estimates by management with reference to past experience and other relevant factors. Any difference between this estimate and the actual return will impact the Group's results in the period in which the actual return is determined.

3 Critical accounting estimates and judgements (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(iv) Provision for impairment of trade and other receivables

The policy for provision for impairment of trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. The amount of provision made as at 31 December 2013 was HK$94,253,000 (2012: HK$91,955,000). If the financial conditions of customers of the Group were to change, resulting in an impairment or improvement in their abilities to make payments, either additional provision or reversal of previously made provision may be required.

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

(i) Assessment of control

According to HKFRS 10, the Group has to reassess whether it continued to have, or had lost, control over its subsidiaries. In assessing control, the Group was required to determine whether it continued to meet all of the three distinct criteria under the HKFRS 10 definition of control:

1. power over the investee; and
2. exposure, or rights, to variable returns from its involvement with the investee; and
3. the ability to use its power over the investee to affect the amount of the investor's returns.

In assessing whether the Group continued to have the existing rights over a former subsidiary, Ule Holdings Limited ("Ule Holdings", previously named as TOM Technical Limited), under the E-Commerce Group as at 31 December 2013, the management has exercised their judgement in considering the relevant facts and circumstances that lead to the establishment of a joint venture, held as to 49% by the Group and 51% by the joint venture partner. Management is of the view that from 28 December 2013 the Group no longer has the practical ability to unilaterally direct the relevant activities of the former subsidiary without consulting and agreeing proposed actions with the joint venture partner and has lost the unilateral control over its former subsidiary. As such, Ule Holdings became subject to joint control of the Group and the joint venture partner on that date and was classified as a joint venture in the Group's financial statements for the year ended 31 December 2013.

4 Segment information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out on pages 128 to 132.

The following revenues are recognised during the year:

	2013 HK$'000	2012 HK$'000
– Provision of mobile Internet services, online advertising, commercial enterprise solutions and online communication services	**287,546**	557,276
– Provision of technical services for online trading platform and provision of services to users using the mobile and Internet-based marketplace	**27,030**	7,520
– Magazine and book circulation, sales of publication advertising and other related products	**1,030,041**	1,056,815
– Advertising sales of outdoor media assets and provision of outdoor media services	**365,981**	365,267
– Advertising sales in relation to satellite television channel operations, production of broadcasting programmes and provision for media sales, event production and marketing services	**217,133**	219,038
Consolidated revenues	**1,927,731**	2,205,916

The Group has five reportable operating segments:

- Mobile Internet Group – provision of mobile Internet services, online advertising, commercial enterprise solutions and online communication services.
- E-Commerce Group – provision of technical services for online trading platform and provision of services to users using the mobile and Internet-based marketplace.
- Publishing Group – magazine and book circulation, sales of publication advertising and other related products.
- Outdoor Media Group – advertising sales of outdoor media assets and provision of outdoor media services.
- Television and Entertainment Group – advertising sales in relation to satellite television channel operations, production of broadcasting programmes and provision of media sales, event production and marketing services.

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

4 Segment information (Continued)

The segment results for the year ended 31 December 2013 are as follows:

	Year ended 31 December 2013					
	Mobile Internet Group HK$'000	E-Commerce Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Gross segment revenue	287,546	27,030	1,030,041	365,981	217,804	1,928,402
Inter-segment revenue	–	–	–	–	(671)	(671)
Net revenue from external customers	287,546	27,030	1,030,041	365,981	217,133	1,927,731
Segment profit/(loss) before amortisation and depreciation	(68,654)	(52,417)	210,917	8,194	(23,923)	74,117
Amortisation and depreciation	(23,635)	(5,699)	(117,751)	(34,154)	(12,732)	(193,971)
Segment profit/(loss)	(92,289)	(58,116)	93,166	(25,960)	(36,655)	(119,854)
Other material non-cash items:						
Gain on disposal of interests in subsidiaries	–	1,521,679	–	–	–	1,521,679
Provision for impairment of goodwill and other assets	(1,297,203)	–	(169,929)	(216,285)	(35,535)	(1,718,952)
Loss on deconsolidation of a subsidiary	–	–	–	(14,884)	–	(14,884)
Share of profits less losses of investments accounted for using the equity method	(252)	(3,745)	(16,456)	–	–	(20,453)
	(1,297,455)	1,517,934	(186,385)	(231,169)	(35,535)	(232,610)
Finance costs:						
Finance income (note a)	10,316	71	21,941	1,109	72	33,509
Finance expenses (note a)	–	–	(12,484)	–	(23,523)	(36,007)
	10,316	71	9,457	1,109	(23,451)	(2,498)
Segment profit/(loss) before taxation	(1,379,428)	1,459,889	(83,762)	(256,020)	(95,641)	(354,962)
Unallocated corporate expenses						(117,701)
Loss before taxation						(472,663)
Expenditure for operating segment non-current assets	3,611	1,321	127,033	14,073	14,449	160,487
Unallocated expenditure for non-current assets						569
Total expenditure for non-current assets						161,056

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK$21,205,000 and HK$24,724,000 were included in the finance income and finance expenses respectively.

4 Segment information (Continued)

The segment assets and liabilities at 31 December 2013 are as follows:

	As at 31 December 2013					
	Mobile Internet Group HK$'000	E-Commerce Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	649,427	115,280	1,265,206	322,273	143,766	2,495,952
Investments accounted for using the equity method	4,623	1,390,709	40,638	–	–	1,435,970
Unallocated assets						54,312
Total assets						3,986,234
Segment liabilities	242,223	51,123	405,215	109,608	57,409	865,578
Unallocated liabilities:						
Corporate liabilities						117,348
Current taxation						48,836
Deferred taxation						6,398
Borrowings						2,320,757
Total liabilities						3,358,917

4 Segment information (Continued)

The segment results for the year ended 31 December 2012 are as follows:

	Year ended 31 December 2012					
	Mobile Internet Group HK$'000	E-Commerce Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Gross segment revenue	557,276	7,520	1,056,815	365,267	219,925	2,206,803
Inter-segment revenue	–	–	–	–	(887)	(887)
Net revenue from external customers	557,276	7,520	1,056,815	365,267	219,038	2,205,916
Segment profit/(loss) before amortisation and depreciation	(6,500)	(68,032)	218,464	38,467	(27,896)	154,503
Amortisation and depreciation	(10,739)	(4,522)	(121,760)	(36,794)	(49,454)	(223,269)
Segment profit/(loss)	(17,239)	(72,554)	96,704	1,673	(77,350)	(68,766)
Other material non-cash items:						
Provision for impairment of goodwill	(120,280)	–	–	(6,000)	(10,000)	(136,280)
Share of profits less losses of investments accounted for using the equity method	636	12,034	(7,352)	–	–	5,318
	(119,644)	12,034	(7,352)	(6,000)	(10,000)	(130,962)
Finance costs:						
Finance income (note a)	12,742	69	22,676	1,191	182	36,860
Finance expenses (note a)	–	–	(13,338)	–	(22,203)	(35,541)
	12,742	69	9,338	1,191	(22,021)	1,319
Segment profit/(loss) before taxation	(124,141)	(60,451)	98,690	(3,136)	(109,371)	(198,409)
Unallocated corporate expenses						(118,801)
Loss before taxation						(317,210)
Expenditure for operating segment non-current assets	23,742	8,979	135,473	49,233	44,429	261,856
Unallocated expenditure for non-current assets						472
Total expenditure for non-current assets						262,328

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK$21,904,000 and HK$23,349,000 were included in the finance income and finance expenses respectively.

4 Segment information (Continued)

The segment assets and liabilities at 31 December 2012 are as follows:

	As at 31 December 2012					
	Mobile Internet Group HK$'000	E-Commerce Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	1,946,925	99,041	1,292,710	638,636	173,395	4,150,707
Investments accounted for using the equity method	4,804	8,798	218,968	–	–	232,570
Unallocated assets						88,585
Total assets						4,471,862
Segment liabilities	256,454	32,463	416,672	185,515	65,326	956,430
Unallocated liabilities:						
Corporate liabilities						117,846
Current taxation						48,653
Deferred taxation						11,340
Borrowings						2,215,958
Total liabilities						3,350,227

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

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

Hong Kong – Mobile Internet Group and Publishing Group

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

Taiwan and other Asian country – Publishing Group

4 Segment information (Continued)

	Revenue		Non-current assets other than deferred tax assets	
	Year ended 31 December 2013 Consolidated Total HK$'000	Year ended 31 December 2012 Consolidated Total HK$'000	As at 31 December 2013 Consolidated Total HK$'000	As at 31 December 2012 Consolidated Total HK$'000
Hong Kong	11,722	17,775	3,774	8,925
Mainland China	908,721	1,160,347	1,689,996	2,063,202
Taiwan and other Asian country	1,007,288	1,027,794	652,494	648,816
	1,927,731	2,205,916	2,346,264	2,720,943

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

5 Provision for impairment of goodwill and other assets

		2013 HK$'000	2012 HK$'000
Provision for impairment of goodwill in respect of:			
– subsidiaries	(a)	1,549,023	136,280
– an associated company	(b)	141,229	–
Provision for impairment of other assets of an associated company	(b)	28,700	–
		1,718,952	136,280
Less: attributable to non-controlling interests		(128,511)	(12,026)
Provision attributable to equity holders of the Company		1,590,441	124,254

(a) The provision for impairment of goodwill was related to Mobile Internet Group of HK$1,297,203,000 (2012: HK$120,280,000), Outdoor Media Group of HK$216,285,000 (2012: HK$6,000,000) and Television and Entertainment Group of HK$35,535,000 (2012: HK$10,000,000) respectively. These provisions were made with reference to the reduced estimated recoverable values of certain cash-generating units in the respective mentioned segments. The estimated recoverable value was determined based on value-in-use calculations according to financial budgets approved by management.

5 Provision for impairment of goodwill and other assets (Continued)

(b) Management reviewed and concluded that the recoverable amount of goodwill and other intangible assets in respect of an associated company based in Mainland China under the Publishing Group is lower than its carrying value. A provision for impairment of HK$169,929,000 (2012: Nil) was made to the carrying value of the associated company (note 18(a)) to reflect the estimated recoverable value.

(c) The goodwill impairment for the Mobile Internet Group reflected the Group's exit from 2.5G wireless value-added services ("WVAS") business and reconfigure and consolidate its resources and investment to focus on a technology-based and fast-growing mobile Internet services platform in Mainland China. The impairment charge for the other segments reflected management's conservative judgement as to the values of certain media assets given the rapid evolution of business models in these industries.

6 Operating loss

Operating loss is stated after charging/crediting the following:

	2013 HK$'000	2012 HK$'000
Charging:		
Mobile operators and revenue sharing costs	167,274	307,977
Depreciation (note 14)	79,120	59,313
Amortisation of other intangible assets (note 16)	115,485	164,978
Cost of inventories sold (note 23)	559,691	573,393
Staff costs (including directors' emoluments) (note 12)	603,699	606,012
Operating leases in respect of:		
– Land and buildings	68,541	65,515
– Other assets	135,457	111,815
Auditors' remuneration	13,642	12,485
Provision for impairment of long-term receivable	–	13,365
Provision for impairment of trade receivables, net (note 24(c))	8,860	1,509
Provision for inventories	15,353	15,574
Loss on disposal of fixed assets	19	759
Crediting:		
Dividend income from available-for-sale financial assets	950	1,560
Gain on disposal of subsidiaries (note 36(b))	–	3,745
Exchange gain, net	17,966	23,929

7 Finance costs, net

	2013 HK$'000	2012 HK$'000
Interest and borrowing costs on bank loans	64,590	65,653
Interest on other loans	1,892	1,897
	66,482	67,550
Less: Bank interest income	(13,102)	(16,407)
	53,380	51,143

8 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2012: 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:

	2013 HK$'000	2012 HK$'000
Overseas taxation	35,310	39,798
Under-provision in prior years (note)	32,235	2,428
Deferred taxation (note 31(c))	12,000	(15,310)
Taxation charge	79,545	26,916

Note:

A subsidiary of the Group in Taiwan had received revised income tax assessments for the years of 2004 to 2010 from the local tax authority since 2008, disallowing the full amount of goodwill amortisation for tax deduction that the subsidiary had claimed, totalling NT$977 million (approximately HK$253 million), which gave rise to a potential additional income tax liability of approximately NT$232 million (approximately HK$60 million). The subsidiary had filed petitions/appeals regarding these revised income tax assessments.

In August and September 2013, the subsidiary and the local tax authority reached an agreement to settle the 2004 and 2005 tax disputes. After these settlements, the local tax authority then reissued the 2006 to 2011 final income tax assessments to the subsidiary on the same basis of the 2004 and 2005 settlements in September 2013. As a result, the subsidiary accrued additional tax expenses of NT$129 million (approximately HK$34 million) for prior years in 2013.

8 Taxation (Continued)

Taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate where the Group's headquarter locates as follows:

	2013 HK$'000	2012 HK$'000
Loss before taxation	(472,663)	(317,210)
Calculated at a taxation rate of 16.5% (2012: 16.5%)	(77,989)	(52,340)
Effect of different applicable taxation rates in other countries	2,484	(2,221)
Income not subject to taxation	(260,549)	(12,772)
Expenses not deductible for taxation purposes	307,906	40,924
Utilisation of previously unrecognised tax losses	(3,094)	(3,286)
Recognition of previously unrecognised temporary differences	(4,481)	(7,388)
Tax losses not recognised	53,100	52,030
Temporary differences not recognised	2,560	4,570
Tax effect of results of associated companies and joint ventures	3,375	(877)
Withholding tax	6,353	5,848
Deferred tax assets written off	17,645	–
Under-provision in prior years	32,235	2,428
Taxation charge	79,545	26,916

9 Loss attributable to equity holders of the Company

The loss of the Company is HK$287,005,000 (2012: HK$297,910,000) and is included in determining the loss attributable to equity holders of the Company in the consolidated income statement.

10 Dividends

No dividends had been paid or declared by the Company during the year (2012: Nil).

11 Loss per share

(a) Basic

The calculation of the basic loss per share is based on consolidated loss attributable to equity holders of the Company of HK$550,073,000 (2012: HK$337,187,000) and the weighted average of 3,893,270,558 (2012: 3,893,270,558) ordinary shares in issue during the year.

(b) Diluted

During the year, all the outstanding share options granted by the Company were lapsed, such that the diluted loss per share is equal to the basic loss per share for the year ended 31 December 2013. As at 31 December 2012, diluted loss per share is equal to the basic loss per share as the exercise price of the outstanding share options granted by the Company were higher than the average market price of the shares of the Company.

12 Staff costs, including directors' emoluments

	2013 HK$'000	2012 HK$'000
Wages and salaries	563,440	561,732
Pension costs – defined contribution plans	37,030	41,344
Pension costs – defined benefit plans (note 30(b))	3,229	2,936
	603,699	606,012

13 Directors' and senior management's emoluments

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2013 is set out below:

	Fees HK$'000	Basic salaries, housing allowances, other allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors					
Mr. Yeung Kwok Mung	50	5,390	–	367	5,807
Ms. Mak Soek Fun, Angela	50	4,268	–	282	4,600
Independent non-executive directors and members of Audit Committee					
Mr. Cheong Ying Chew, Henry	100	–	–	–	100
Mr. James Sha	100	–	–	–	100
Mr. Ip Yuk-keung, Albert	52	–	–	–	52
Non-executive director and member of Audit Committee					
Mrs. Lee Pui Ling, Angelina	100	–	–	–	100
Non-executive directors					
Mr. Frank John Sixt	50	–	–	–	50
Ms. Chang Pui Vee, Debbie	50	–	–	–	50
Mr. Ip Tak Chuen, Edmond	50	–	–	–	50
Ex-independent non-executive director and member of Audit Committee					
Ms. Wu Hung Yuk, Anna	33	–	–	–	33
Total	635	9,658	–	649	10,942

13 Directors' and senior management's emoluments (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each director for the year ended 31 December 2012 is set out below:

	Fees HK$'000	Basic salaries, housing allowances, other allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors					
Mr. Yeung Kwok Mung	50	5,390	327	367	6,134
Ms. Mak Soek Fun, Angela	50	4,268	208	282	4,808
Independent non-executive directors and members of Audit Committee					
Mr. Cheong Ying Chew, Henry	100	–	–	–	100
Mr. James Sha	100	–	–	–	100
Non-executive director and member of Audit Committee					
Mrs. Lee Pui Ling, Angelina	100	–	–	–	100
Non-executive directors					
Mr. Frank John Sixt	50	–	–	–	50
Ms. Chang Pui Vee, Debbie	50	–	–	–	50
Mr. Ip Tak Chuen, Edmond	50	–	–	–	50
Ex-independent non-executive director and member of Audit Committee					
Ms. Wu Hung Yuk, Anna	100	–	–	–	100
Ex-non-executive director					
Mrs. Chow Woo Mo Fong, Susan	9	–	–	–	9
Total	659	9,658	535	649	11,501

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for the loss of office (2012: Nil).

There has been no arrangement under which a director has waived or agreed to waive any emoluments for the year ended 31 December 2013 (2012: Nil).

13 Directors' and senior management's emoluments (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2012: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2012: three) individuals during the year are as follows:

	2013 HK$'000	2012 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**4,944**	4,743
Discretionary bonuses	**3,413**	4,599
Contributions to retirement benefit schemes	**102**	70
	8,459	9,412

The emoluments of these three (2012: three) individuals fell within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
HK$1,500,001 – HK$2,000,000	–	1
HK$2,000,001 – HK$2,500,000	**2**	–
HK$2,500,001 – HK$3,000,000	–	1
HK$3,500,001 – HK$4,000,000	**1**	–
HK$4,500,001 – HK$5,000,000	–	1

14 Fixed assets

	Group						
	Properties HK$'000	Leasehold improve-ments HK$'000	Computer equipment HK$'000	Outdoor media assets HK$'000	Other assets HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 January 2012	26,161	56,999	487,516	168,987	80,951	9,142	829,756
Exchange adjustment	461	600	6,496	2,315	583	499	10,954
Additions	–	26,208	28,966	39,137	4,284	6,417	105,012
Acquiring full control in a joint venture	–	4,008	39,769	–	2,275	–	46,052
Transfer between categories	–	–	–	12,153	–	(12,153)	–
Disposals and write-offs	–	(18,155)	(51,078)	(11,658)	(6,766)	–	(87,657)
Disposal of interests in subsidiaries (note 36(b))	–	(1,825)	(2,323)	–	(393)	–	(4,541)
Deconsolidation of a subsidiary (note 36(c))	–	–	(120)	–	–	–	(120)
At 31 December 2012	26,622	67,835	509,226	210,934	80,934	3,905	899,456
At 1 January 2013	26,622	67,835	509,226	210,934	80,934	3,905	899,456
Exchange adjustment	(168)	611	10,551	6,475	1,141	111	18,721
Additions	–	6,029	21,801	5,175	4,096	7,478	44,579
Transfer between categories	–	902	–	5,319	28	(6,249)	–
Disposals and write-offs	–	(1,352)	(4,904)	(15,920)	(1,836)	–	(24,012)
Disposal of interests in subsidiaries (note 36(b))	–	(5,670)	(3,930)	–	(1,037)	–	(10,637)
Deconsolidation of a subsidiary (note 36(c))	–	–	(640)	(37,824)	(2,280)	(1,193)	(41,937)
At 31 December 2013	26,454	68,355	532,104	174,159	81,046	4,052	886,170
Accumulated depreciation and impairment losses							
At 1 January 2012	7,832	49,189	433,412	109,695	69,638	–	669,766
Exchange adjustment	80	489	5,342	1,124	476	–	7,511
Acquiring full control in a joint venture	–	3,951	39,764	–	2,265	–	45,980
Depreciation charge for the year	989	4,703	27,309	22,483	3,829	–	59,313
Disposals and write-offs	–	(16,551)	(50,202)	(11,409)	(6,420)	–	(84,582)
Disposal of interests in subsidiaries (note 36(b))	–	(1,819)	(2,228)	–	(349)	–	(4,396)
Deconsolidation of a subsidiary (note 36(c))	–	–	(119)	–	–	–	(119)
At 31 December 2012	8,901	39,962	453,278	121,893	69,439	–	693,473
At 1 January 2013	8,901	39,962	453,278	121,893	69,439	–	693,473
Exchange adjustment	243	292	10,881	4,090	1,019	–	16,525
Depreciation charge for the year	1,007	18,840	28,341	26,934	3,998	–	79,120
Disposals and write-offs	–	(1,221)	(4,152)	(15,080)	(1,807)	–	(22,260)
Disposal of interests in subsidiaries (note 36(b))	–	(1,718)	(1,924)	–	(322)	–	(3,964)
Deconsolidation of a subsidiary (note 36(c))	–	–	(516)	(17,233)	(1,290)	–	(19,039)
At 31 December 2013	10,151	56,155	485,908	120,604	71,037	–	743,855
Net book value							
At 31 December 2013	16,303	12,200	46,196	53,555	10,009	4,052	142,315
At 31 December 2012	17,721	27,873	55,948	89,041	11,495	3,905	205,983

14 Fixed assets (Continued)

The Group's interests in properties at their net book values are analysed as follows:

	2013 HK$'000	2012 HK$'000
Outside Hong Kong, held on Leases of over 50 years	16,303	17,721

15 Goodwill

	Group	
	2013 HK$'000	2012 HK$'000
Net book value, at 1 January	2,154,471	2,355,948
Exchange adjustment	42,822	11,437
Transferred from share of net liabilities of a joint venture	–	(97,475)
Excess of consideration paid over identifiable net assets acquired in acquiring full control in a joint venture	–	20,957
Provision for impairment (note 5(a))	(1,549,023)	(136,280)
Deconsolidation of a subsidiary (note 36(c))	(1,356)	(116)
Net book value, at 31 December	646,914	2,154,471
At 31 December:		
Cost	4,702,993	4,622,611
Accumulated amortisation and impairment	(4,056,079)	(2,468,140)
Net book value	646,914	2,154,471

15 Goodwill (Continued)

(a) Impairment tests for goodwill

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

A segment level of the goodwill allocation is presented below.

	2013 Mainland China HK$'000	2013 Taiwan and other Asian country HK$'000	2013 Total HK$'000	2012 Mainland China HK$'000	2012 Taiwan and other Asian country HK$'000	2012 Total HK$'000
Mobile Internet	–	–	–	1,256,665	–	1,256,665
E-Commerce	71,842	–	71,842	69,596	–	69,596
Publishing	–	509,591	509,591	–	509,836	509,836
Outdoor Media	40,910	–	40,910	258,268	–	258,268
Television and Entertainment	24,571	–	24,571	60,106	–	60,106
	137,323	509,591	646,914	1,644,635	509,836	2,154,471

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

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

	Mobile Internet Group		Publishing Group			Television and
	Wireless value-added services	E-Commerce Group	CGU in Mainland China	CGUs in Taiwan	Outdoor Media Group	Entertain-ment Group
Gross margin[1]	30%-31%	5%-47%	5%-36%	46%-47%	8%-47%	12%-56%
Growth rate[2]	3%	5%	1%	1%	1%	1%
Discount rate[3]	27%	9%	8%	8%	8%	10%

1 Budgeted gross margin

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

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

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

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

16 Other intangible assets

	Concession rights HK$'000	Publishing rights HK$'000	Programme and film rights HK$'000	Customer base and technical know-how HK$'000	Total HK$'000
Cost					
At 1 January 2012	88,500	140,840	139,269	19,177	387,786
Exchange adjustment	690	6,030	441	165	7,326
Additions	2,154	112,494	41,531	1,137	157,316
Disposals and write-offs	(62,368)	(100,294)	(520)	–	(163,182)
Disposal of interests in subsidiaries (note 36(b))	–	(4,419)	–	–	(4,419)
At 31 December 2012	28,976	154,651	180,721	20,479	384,827
At 1 January 2013	28,976	154,651	180,721	20,479	384,827
Exchange adjustment	935	(4,492)	2,382	661	(514)
Additions	–	108,637	7,840	–	116,477
Disposals and write-offs	–	(96,078)	(58,858)	–	(154,936)
Disposal of interests in subsidiaries (note 36(b))	–	–	–	(15,592)	(15,592)
At 31 December 2013	29,911	162,718	132,085	5,548	330,262
Accumulated amortisation					
At 1 January 2012	68,078	83,731	127,943	8,065	287,817
Exchange adjustment	657	4,920	505	95	6,177
Amortisation charge for the year	11,279	103,220	47,372	3,107	164,978
Disposals and write-offs	(62,368)	(100,294)	(520)	–	(163,182)
Disposal of interests in subsidiaries (note 36(b))	–	(3,557)	–	–	(3,557)
At 31 December 2012	17,646	88,020	175,300	11,267	292,233
At 1 January 2013	17,646	88,020	175,300	11,267	292,233
Exchange adjustment	638	(2,993)	2,065	401	111
Amortisation charge for the year	4,303	98,000	9,986	3,196	115,485
Disposals and write-offs	–	(96,078)	(58,858)	–	(154,936)
Disposal of interests in subsidiaries (note 36(b))	–	–	–	(10,654)	(10,654)
At 31 December 2013	22,587	86,949	128,493	4,210	242,239
Net book value					
At 31 December 2013	7,324	75,769	3,592	1,338	88,023
At 31 December 2012	11,330	66,631	5,421	9,212	92,594

Of the total amortisation charge, HK$112,289,000 (2012: HK$161,871,000) and HK$3,196,000 (2012: HK$3,107,000) were included in "cost of sales" and "other operating expenses" respectively.

17 Interests in subsidiaries

	Company	
	2013 HK$'000	2012 HK$'000
Investments at cost – unlisted shares	2,259,451	2,259,451
Less: Provision for impairment	(708,035)	(676,540)
	1,551,416	1,582,911

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

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand except HK$789,928,000 (2012: HK$789,928,000) bearing interest rate at primary Commercial Paper Fixing Rate ("CP rate") plus 0.7584% per annum (2012: Same).

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

The list of the principal subsidiaries of the Group at 31 December 2013 is set out on pages 128 to 132.

18 Investments accounted for using the equity method

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

	Group	
	2013 HK$'000	2012 HK$'000
Associated companies	45,261	223,772
Joint ventures	1,390,709	8,798
As at 31 December	1,435,970	232,570

The amounts recognised in the income statement are as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Associated companies	(16,708)	(6,716)
Joint ventures	(3,745)	12,034
For the year ended 31 December	(20,453)	5,318

18 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies

Movement in interests in associated companies during the year:

	Group	
	2013	2012
	HK$'000	HK$'000
At 1 January	223,772	221,753
Share of profits less losses	(16,708)	(6,716)
Dividend paid	(1,867)	(1,900)
Capital investment in an associated company	7,586	9,960
Provision for impairment (note 5(b))	(169,929)	–
Exchange adjustment	2,407	675
At 31 December	45,261	223,772
Included in the balances:		
Goodwill		
At 1 January	140,029	139,729
Provision for impairment (note 5(b))	(141,229)	–
Exchange adjustment	1,200	300
At 31 December	–	140,029
Other intangible assets		
Cost (note (i))	65,156	65,156
Accumulated amortisation	(36,456)	(33,744)
Provision for impairment (note 5(b))	(28,700)	–
	–	31,412

Amortisation of other intangible assets included in interests in associated companies amounted to approximately HK$2,712,000 for the current year (2012: HK$2,712,000).

Notes:

(i) The other intangible assets arising from the acquisition mainly comprised of exclusive operation agreements and non-compete agreements which were recognised at fair value at acquisition and are amortised on a straight-line basis over 5 to 20 years.

(ii) There are no material contingent liabilities relating to the Group's interests in these associated companies and no material contingent liabilities of the entities themselves.

18 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies (Continued)

(iii) The details of the principal associated companies of the Group are set out below:

Name	Place of incorporation and kind of legal entity	Registered capital	Effective interest held
2013			
China Popular Computer Week Management Company Limited	Mainland China, limited liability company	RMB30,000,000	49%
Straits Multi-Media, Inc.	Mainland China, limited liability company	RMB50,000,000	33.15%
2012			
China Popular Computer Week Management Company Limited	Mainland China, limited liability company	RMB30,000,000	49%
Straits Multi-Media, Inc.	Mainland China, limited liability company	RMB50,000,000	33.15%

(iv) Set out below are the aggregated financial information of the Group's share of associated companies.

	2013 HK$'000	2012 HK$'000
Carrying values	45,261	223,772
Loss from continuing operations	(16,708)	(6,716)
Other comprehensive income/(expense)	1,653	(7)
Total comprehensive expense	(15,055)	(6,723)

18 Investments accounted for using the equity method (Continued)

(b) Interests in joint ventures

Movement in interests in joint ventures during the year:

	2013 HK$'000	2012 HK$'000
At 1 January	8,798	(117,523)
Share of profits less losses	(3,745)	12,034
Capital investment in a joint venture	9,334	–
Fair value of retained interest in joint ventures after disposal of interests in subsidiaries (note (i))	1,375,920	–
Acquiring full control in a joint venture	–	120,482
Exchange adjustment	402	(6,195)
At 31 December	1,390,709	8,798

Notes:

(i) Following the disposal of controlling interests in certain subsidiaries of E-Commerce Group, these companies ceased to be subsidiaries and became joint ventures of the Group, which are accounted for using the equity method. The gain arising from the loss of control in these former subsidiaries of HK$1,521,679,000 was recorded in the consolidated income statement for the year. Net gain attributable to the equity holders of the Company amounted to HK$1,368,542,000.

(ii) There are no material contingent liabilities relating to the Group's interests in these joint ventures and no material contingent liabilities of the entities themselves.

18 Investments accounted for using the equity method (Continued)

(b) Interests in joint ventures (Continued)

(iii) As at 31 December, the Group had interests in the following principal joint ventures:

Name	Place of incorporation and kind of legal entity	Issued/ Registered capital	Effective interest held
2013			
Ule Holdings Limited (previously named as TOM Technical Limited)	British Virgin Islands ("BVI"), limited liability company	US$1	44.1%
Ule International Co., Limited (previously named as TOM Technical (Hong Kong) Limited)	Hong Kong, limited liability company	HK$2	44.1%
Shanghai Ule Network Technology Co., Ltd. (previously named as Shanghai TOM Network Technology Services Co., Ltd.)	Mainland China, limited liability company	US$165,000	44.1%
Beijing Ule E-Commerce Company Limited	Mainland China, limited liability company	RMB21,000,000	44.1%
Shanghai Ule Trading Company Limited	Mainland China, limited liability company	RMB2,000,000	44.1%
2012			
Beijing Ule E-Commerce Company Limited	Mainland China, limited liability company	RMB6,000,000	44.1%
Shanghai Ule Trading Company Limited	Mainland China, limited liability company	RMB2,000,000	44.1%

In 2013, the Group considered Ule Holdings Limited, the holding company of Ule International Co., Limited and Shanghai Ule Network Technology Co., Ltd, (together "Ule Holdings Limited Group") as material joint venture. Ule Holdings Limited Group is a strategic partnership for the Group's e-commerce business development and investment.

18 Investments accounted for using the equity method (Continued)

(b) Interests in joint ventures (Continued)

(iv) Set out below are the summarised financial information for Ule Holdings Limited Group which is accounted for using the equity method by the Group from 28 December 2013. Prior to that, Ule Holdings Limited Group was a subsidiary of the Group.

Summarised consolidated statement of financial position as at 31 December 2013

	HK$'000
Current	
Cash and cash equivlents	2,117
Other current assets (excluding cash)	26,476
Total current assets	28,593
Financial liabilities (excluding trade payables)	(214,580)
Total current liabilities	(214,580)
Non-current	
Assets	41,764
Net liabilities	(144,223)

Summarised consolidated statement of comprehensive income for the year ended 31 December 2013

	HK$'000
Revenue	21,665
Depreciation and amortisation	(2,465)
Interest income	41
Loss from continuing operation	(55,999)
Post-tax loss from continuing operations	(55,999)
Other comprehensive expense	(3,502)
Total comprehensive expense	(59,501)
Dividend received from joint venture	–

18 Investments accounted for using the equity method (Continued)

(b) Interests in joint ventures (Continued)

(iv) Summarised consolidated statement of comprehensive income for the year ended 31 December 2013 (Continued)

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in Ule Holdings Limited Group in 2013:

	HK$'000
Net liabilities as at 31 December 2013	(144,223)
Interests in joint ventures (49%)	(70,669)
Fair value adjustment on initial recognition	1,446,589
Carrying value as at 31 December 2013	1,375,920

The Group had a commitment to Ule Holdings Limited for providing marketing resources to the joint venture in the coming five years, for development and promotion of the business and services of the joint venture, in particular its mobile business and services.

(v) Set out below are the aggregated financial information of the Group's share of the remaining joint ventures:

	2013 HK$'000	2012 HK$'000
Carrying values	14,789	8,798
(Loss)/profit from continuing operations	(3,745)	12,034
Other comprehensive income	169	30
Total comprehensive (expense)/income	(3,576)	12,064

19 Financial instruments by category

Group

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Assets as per consolidated statement of financial position			
31 December 2013			
Available-for-sale financial assets (note 20)	–	24,137	24,137
Long-term receivables (note 22)	5,440	–	5,440
Trade and other receivables excluding prepayments (note 24)	704,367	–	704,367
Advance to an investee company (note 21)	2,180	–	2,180
Cash and cash equivalents (note 26)	695,179	–	695,179
Restricted cash (note 25)	3,105	–	3,105
	1,410,271	24,137	1,434,408
31 December 2012			
Available-for-sale financial assets (note 20)	–	20,546	20,546
Long-term receivables (note 22)	5,270	–	5,270
Trade and other receivables excluding prepayments (note 24)	657,157	–	657,157
Advance to an investee company (note 21)	2,177	–	2,177
Cash and cash equivalents (note 26)	797,115	–	797,115
Restricted cash (note 25)	2,963	–	2,963
	1,464,682	20,546	1,485,228

19 Financial instruments by category (Continued)

Group (Continued)

	Other financial liabilities HK$'000
Liabilities as per consolidated statement of financial position	
31 December 2013	
Short-term bank loans (note 28)	171,138
Long-term bank loans (note 29)	2,149,619
Trade and other payables excluding non-financial liabilities (note 27)	767,381
	3,088,138
31 December 2012	
Short-term bank loans (note 28)	140,389
Long-term bank loans (note 29)	2,075,569
Trade and other payables excluding non-financial liabilities (note 27)	824,468
	3,040,426

Company

	Loans and receivables	
	2013 HK$'000	2012 HK$'000
Assets as per statement of financial position		
Cash and cash equivalents (note 26)	478	1,133
Other receivables excluding prepayments (note 24)	1,981	511
Amounts due from subsidiaries (note 17) (note (i))	1,846,120	1,928,053
	1,848,579	1,929,697

	Other financial liabilities	
	2013 HK$'000	2012 HK$'000
Liabilities as per statement of financial position		
Long-term bank loans (note 29)	1,983,000	1,828,000
Other payables (note 27)	48,737	47,348
Amounts due to subsidiaries (note 17) (note (i))	640,186	627,522
	2,671,923	2,502,870

Note:

(i) Gross amounts of due from subsidiaries and due to subsidiaries were HK$2,194,420,000 (2012: HK$2,276,353,000) and HK$988,486,000 (2012: HK$975,822,000) respectively. It is expected that individual subsidiary would settle on a net basis, therefore, HK$348,300,000 (2012: HK$348,300,000) was set off and the net amount was presented in the Company's financial position.

20 Available-for-sale financial assets

	Group	
	2013 HK$'000	2012 HK$'000
Unlisted equity securities		
At 1 January	20,546	12,763
Exchange adjustment	(312)	360
Capital investment	–	5,200
Capital reduction	–	(338)
Net gains transferred to equity	3,903	2,561
At 31 December	24,137	20,546
Less: non-current portion	(24,137)	(20,546)
Current portion	–	–

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

	Group	
	2013 HK$'000	2012 HK$'000
Unlisted equity securities outside Hong Kong	24,137	20,546

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

	2013 HK$'000	2012 HK$'000
HK$	11,874	7,971
NT$	10,513	10,825
RMB	1,750	1,750
	24,137	20,546

Certain unlisted equity securities with carrying amount of approximately HK$12,263,000 (2012: HK$12,575,000) are stated at cost because they do not have the quoted market price and the fair value cannot be measured reliably.

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

During the year, none of the available-for-sale financial assets is either past due or impaired (2012: Nil).

21 Advance to an investee company

	Group	
	2013	2012
	HK$'000	HK$'000
Advance to an investee company	2,180	2,177

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

The advance to an investee company as at 31 December 2013 is interest-free, unsecured and repayable on demand (2012: Same). The carrying amount of the advance to an investee company approximates its fair value.

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

22 Other non-current assets

	Group		Company	
	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000
Long-term receivables	5,440	5,270	–	–
Deferred expenses	1,285	7,332	–	4,338
	6,725	12,602	–	4,338

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

23 Inventories

	Group	
	2013	2012
	HK$'000	HK$'000
Merchandise	18,211	17,036
Finished goods	85,880	87,455
Work in progress	10,005	9,639
	114,096	114,130

The cost of inventories recognised as an expense and included in the cost of sales amounted to HK$559,691,000 (2012: HK$573,393,000).

24 Trade and other receivables

	Group 2013 HK$'000	Group 2012 HK$'000	Company 2013 HK$'000	Company 2012 HK$'000
Trade receivables (note c)	397,111	528,297	–	–
Prepayments, deposits and other receivables (note d)	396,058	256,620	7,233	6,764
	793,169	784,917	7,233	6,764

(a) The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 120 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

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

	Group 2013 HK$'000	Group 2012 HK$'000	Company 2013 HK$'000	Company 2012 HK$'000
HK$	28,655	30,047	7,233	6,764
US$	319	417	–	–
RMB	459,575	415,764	–	–
NT$	292,337	318,039	–	–
Others	12,283	20,650	–	–
	793,169	784,917	7,233	6,764

(c) As at 31 December 2013 and 2012, the ageing analyses of the Group's trade receivables were as follows:

	Group 2013 HK$'000	Group 2012 HK$'000
Current	94,622	125,876
31-60 days	114,330	120,174
61-90 days	64,569	87,012
Over 90 days	217,843	287,190
	491,364	620,252
Less: Provision for impairment	(94,253)	(91,955)
	397,111	528,297

24 Trade and other receivables (Continued)

(c) (Continued)

	Group	
	2013 HK$'000	2012 HK$'000
Represented by:		
Receivables from related companies	9,432	11,080
Receivables from third parties	387,679	517,217
	397,111	528,297

Total trade receivables from related companies beneficially owned by substantial shareholders of the Company, Hutchison Whampoa Limited ("HWL") and Cheung Kong (Holdings) Limited ("CKH"), amounted to HK$9,202,000 (2012: HK$10,857,000). Trade receivables from non-controlling interests of subsidiaries of the Group amounted to HK$230,000 (2012: HK$223,000). These are related to sales of goods and services as shown in note 39(a).

The Group has assessed if there is any impairment on an individual customer basis based on ageing analysis of trade receivables balance, historical bad debt rates, repayment patterns, customer credit worthiness and industry trend analysis. As at 31 December 2013, the amount of the provision for impairment of trade receivables was HK$94,253,000 (2012: HK$91,955,000).

As at 31 December 2013, trade receivables of HK$123,590,000 (2012: HK$195,235,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Overdue by:		
Up to 3 months	72,089	130,354
Over 3 months	51,501	64,881
	123,590	195,235

24 Trade and other receivables (Continued)

(c) (Continued)

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

	Group	
	2013 HK$'000	2012 HK$'000
Balance at beginning of the year	91,955	93,506
Provision for receivable impairment, net	8,860	1,509
Amounts written off during the year	(1,927)	(3,319)
Disposal of a subsidiary	–	(613)
Deconsolidation of a subsidiary	(6,715)	–
Exchange adjustment	2,080	872
Balance at end of the year	94,253	91,955

As at 31 December 2013 and 2012, the ageing analyses of the Group's impaired trade receivables were as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Over 90 days	94,253	91,955

The creation of provision for impaired receivables has been included in other operating expenses in the consolidated income statement (note 6). Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

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

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

(d) The Group's other receivables include amounts due from joint ventures, associated companies and related companies of HK$200,217,000 (2012: HK$1,168,000), HK$7,704,000 (2012: HK$2,401,000) and HK$21,256,000 (2012: HK$21,136,000) respectively. The total balances due from related companies beneficially owned by the substantial shareholders of the Company, HWL, CKH and Cranwood amounted to HK$613,000 (2012: HK$1,102,000). The balances due from non-controlling interests of subsidiaries of the Group amounted to HK$20,643,000 (2012: HK$20,034,000).

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

The Group does not hold any collateral as security.

25 Restricted cash

At 31 December 2013, NT$10,800,000 (approximately HK$2,800,000) (2012: NT$11,100,000 or approximately HK$2,963,000) was pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return, and RMB238,000 (approximately HK$305,000) (2012: Nil) was pledged in favour of certain contractors as performance guarantee.

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

26 Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash on hand	**2,020**	2,057	**–**	–
Cash at bank	**693,159**	795,058	**478**	1,133
	695,179	797,115	**478**	1,133

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**26,636**	37,345	**60**	714
US$	**14,743**	23,510	**418**	419
RMB	**490,558**	591,637	**–**	–
NT$	**150,703**	144,029	**–**	–
Others	**12,539**	594	**–**	–
	695,179	797,115	**478**	1,133
Maximum exposure to credit risk	**693,159**	795,058	**478**	1,133

27 Trade and other payables

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Trade payables (note b)	280,640	340,562	–	–
Other payables and accruals (note c)	665,166	693,625	48,737	47,348
	945,806	1,034,187	48,737	47,348

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

(b) As at 31 December 2013 and 2012, the ageing analyses of the Group's trade payables were as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Current	60,700	86,490
31-60 days	28,045	67,013
61-90 days	15,521	31,440
Over 90 days	176,374	155,619
	280,640	340,562

	Group	
	2013 HK$'000	2012 HK$'000
Represented by:		
Payable to third parties	280,640	340,562

(c) The Group's other payables include amounts due to joint ventures, associated companies and related companies of HK$1,686,000 (2012: Nil), HK$2,000 (2012: Nil) and HK$51,978,000 (2012: HK$72,107,000) respectively. The total balances due to related companies beneficially owned by the substantial shareholders of the Company, HWL and Cranwood, amounted to HK$48,437,000 (2012: HK$48,088,000). The balances due to non-controlling interests of subsidiaries of the Group amounted to HK$3,541,000 (2012: HK$24,019,000).

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

27 Trade and other payables (Continued)

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

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
HK$	101,528	95,843	2,017	2,088
US$	8,728	10,447	–	–
RMB	386,669	471,891	46,720	45,260
NT$	359,275	363,787	–	–
Others	89,606	92,219	–	–
	945,806	1,034,187	48,737	47,348

28 Short-term bank loans

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Unsecured	171,138	140,389	–	–

The bank loans are denominated in NT$.

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

29 Long-term bank loans

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Unsecured	2,149,619	2,075,569	1,983,000	1,828,000
Less: current portion	(73,901)	(76,067)	–	–
	2,075,718	1,999,502	1,983,000	1,828,000
The bank loans are repayable:				
Within one year	73,901	76,067	–	–
In the second year	92,718	1,904,067	–	1,828,000
In the third to fifth year	1,983,000	95,435	1,983,000	–
Wholly repayable within 5 years	2,149,619	2,075,569	1,983,000	1,828,000
The bank loans are denominated in the following currencies:				
HK$	1,983,000	1,828,000	1,983,000	1,828,000
NT$	166,619	247,569	–	–
	2,149,619	2,075,569	1,983,000	1,828,000

These long-term bank loans are interest bearing at prevailing market rates ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 1.45% to CP rate plus 0.7% per annum (2012: HIBOR plus 1.6% to CP rate plus 0.7%). Their carrying amounts approximate their fair values.

30 Pension assets and obligations

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

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

	Group	
	2013 HK$'000	2012 HK$'000
Present value of funded obligations (note c)	73,658	73,925
Fair value of plan assets (note d)	(36,538)	(33,836)
Recognised in the consolidated statement of financial position	37,120	40,089
Represented by:		
Pension obligations	37,120	40,089
Remeasurements of defined benefit plans recognised in the consolidated statement of comprehensive income ("SOCI") during the year	3,112	(4,636)
Cumulative remeasurements of defined benefit plans recognised in the SOCI	(2,260)	(5,372)

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

	Group	
	2013 HK$'000	2012 HK$'000
Current service cost	3,022	2,940
Net interest on net defined benefit liability	624	632
Others	(417)	(636)
Total, included in staff costs (note 12)	3,229	2,936

30 Pension assets and obligations (Continued)

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

	Group	
	2013 HK$'000	2012 HK$'000
At 1 January	73,925	66,545
Exchange adjustment	(1,623)	2,073
Current service cost	3,022	2,940
Interest cost	1,091	1,229
Actuarial (gain)/loss:		
– liability experience	2,876	(602)
– financial assumption changes	(4,397)	3,380
– demographic assumption changes	(407)	1,557
Disposal of interests in subsidiaries (note 36(b))	–	(2,477)
Payments from plans	(401)	(709)
Others	(428)	(11)
At 31 December (note a)	73,658	73,925

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

	Group	
	2013 HK$'000	2012 HK$'000
At 1 January	33,836	31,276
Exchange adjustment	(633)	835
Interest income	467	597
Return on plan assets, excluding amounts included in interest income	1,184	(301)
Contribution by employer	2,096	1,515
Payments from plans	(401)	(709)
Others	(11)	623
At 31 December (note a)	36,538	33,836

The estimated contribution by the Group for the year 2014 will be amounted to HK$2,199,000.

30 Pension assets and obligations (Continued)

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

	Group 2013	Group 2012
Cash/Treasury	22,603	25,280
Equities (with quoted market price)	10,229	6,158
Bonds (with quoted market price)	3,706	2,398
	36,538	33,836

The principal actuarial assumptions used are as follows:

	Group 2013	Group 2012
Discount rate	2.0% – 2.1%	0.70% – 1.75%
Rate of salary increases	3.0% – 4.0%	3.0% – 4.0%

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2013. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets.

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

The weighted average duration of the defined benefit obligation is 16.8 years.

Expected maturity analysis of undiscounted pension benefits:

At 31 December 2013	Within next 5 years HK$'000	Beyond 5 years but within 10 years HK$'000	Beyond 10 years but within 15 years HK$'000	Beyond 15 years but within 20 years HK$'000	Beyond 20 years HK$'000	Total HK$'000
Pension benefits	18,024	15,199	36,889	27,620	33,095	130,827

30 Pension assets and obligations (Continued)

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.0%	Increase by 3.2%
Rate of salary increases	0.25%	Increase by 2.5%	Decrease by 2.4%

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

31 Deferred taxation

(a) Deferred tax assets

	Group	
	2013 HK$'000	2012 HK$'000
At 1 January	51,794	41,875
Exchange adjustment	(421)	1,336
(Charged)/credited to consolidated income statement (note c)	(16,952)	8,828
Disposal of interests in subsidiaries (note 36(b))	–	(245)
At 31 December	34,421	51,794
Amount to be recovered after more than one year	235	17,496

(b) Deferred tax liabilities

	Group	
	2013 HK$'000	2012 HK$'000
At 1 January	11,340	17,650
Exchange adjustment	10	172
Credited to consolidated income statement (note c)	(4,952)	(6,482)
At 31 December	6,398	11,340
Amount to be payable after more than one year	6,398	11,340

31 Deferred taxation (Continued)

(c) Deferred taxation (charged)/credited to consolidated income statement

	Group	
	2013 HK$'000	2012 HK$'000
Deferred tax assets (note a)	(16,952)	8,828
Deferred tax liabilities (note b)	4,952	6,482
Deferred taxation (charged)/credited to consolidated income statement (note 8)	(12,000)	15,310

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

Deferred tax assets

	Group					
	Provisions		Others		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
At 1 January	34,298	29,504	17,496	12,371	51,794	41,875
Exchange adjustment	(978)	1,220	557	116	(421)	1,336
(Charged)/credited to consolidated income statement	866	3,834	(17,818)	4,994	(16,952)	8,828
Disposal of interests in subsidiaries (note 36(b))	–	(260)	–	15	–	(245)
At 31 December	34,186	34,298	235	17,496	34,421	51,794

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses as at 31 December 2013 of HK$4,483,150,000 (2012: HK$5,296,358,000) that can be carried forward against future taxable income. Losses amounting to HK$623,857,000 will be expired from 2014 to 2023, and HK$3,859,293,000 has no expiry terms.

31 Deferred taxation (Continued)

(d) (Continued)

Deferred tax liabilities

	Group					
	Unremitted earnings		Others		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
At 1 January	**6,553**	12,901	**4,787**	4,749	**11,340**	17,650
Exchange adjustment	**(152)**	134	**162**	38	**10**	172
(Credited)/charged to consolidated income statement	**(5,123)**	(6,482)	**171**	–	**(4,952)**	(6,482)
At 31 December	**1,278**	6,553	**5,120**	4,787	**6,398**	11,340

(e) Deferred income tax liabilities of HK$43,962,000 (2012: HK$43,258,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are to be reinvested. Unremitted earnings totalled HK$833,835,000 at 31 December 2013 (2012: HK$842,792,000).

32 Share capital

Company – Authorised

	Ordinary shares of HK$0.1 each	
	No. of shares	HK$'000
At 31 December 2013 and 2012	5,000,000,000	500,000

Company – Issued and fully paid

	Ordinary shares of HK$0.1 each	
	No. of shares	HK$'000
At 31 December 2013 and 2012	3,893,270,558	389,328

33 Share option schemes

(a) Details of share options granted by the Company

Pursuant to the written resolutions of the shareholders of the Company dated 11 February 2000, the employee share option scheme, the Old Option Scheme, was adopted by the Company.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 23 July 2004, the Company adopted the New Option Scheme and terminated the Old Option Scheme due to the withdrawal of the listing of the shares of the Company on GEM and commencement of dealings of the shares of the Company on the Main Board. The adoption of the New Option Scheme and the termination of the Old Option Scheme took effect from 4 August 2004 (listing date of the shares of the Company on the Main Board).

Pursuant to the Old Option Scheme and the New Option Scheme, the Board may, at its discretion, invite any participant (including any employee and director of the Group and of any company in which the Group owns or controls 20% or more of its voting rights and/or issued share capital, business associate and trustee) to take up options to subscribe for shares in the Company. However, participants do not include any substantial shareholder of the Company and/or any of its Associates. No further options may be granted under the Old Option Scheme upon its termination. Generally, the options are vested in different tranches and may be exercised within the option period unless they are cancelled. No option has been granted pursuant to the New Option Scheme since its adoption.

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the New Option Scheme and any other share option schemes of the Company shall not exceed 388,941,336 shares, being approximately 10% of the issued share capital of the Company at the date of approval of the New Option Scheme.

33 Share option schemes (Continued)

(a) Details of share options granted by the Company (Continued)

Movements in share options are as follows:

Old Option Scheme	2013 Weighted average exercise price HK$	2013 Number of share options	2012 Weighted average exercise price HK$	2012 Number of share options
Outstanding at 1 January	2.505	6,226,000	2.505	6,556,000
Cancelled	–	–	2.505	(330,000)
Lapsed	2.505	(6,226,000)	–	–
Outstanding and exercisable at 31 December	–	–	2.505	6,226,000

Terms of the share options outstanding at 31 December are:

Expiry date	Exercise price	2013	2012
8 October 2013	HK$2.505	–	6,226,000
Weighted average remaining contractual life (year)		–	0.77

All the share options were lapsed during the year.

(b) Valuation of share options

The fair value of services received from employees in return for share options granted are measured by reference to the fair value of share options granted. The amount is to be expensed in the consolidated income statement over the vesting period of the share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. Key assumptions at the dates of grant are as follows:

Risk-free interest rate (%)	2.07 to 4.22
Expected option life (years)	1 to 7.01
Expected dividend rate (%)	0
Expected volatility (%)	46 to 64
Weighted average fair value at grant date (HK$)	0.55 to 1.16

The expected volatility is based on the historical volatility. The expected option life used has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share-based compensation costs was recognised during the year (2012: Nil).

34 Reserves

	Company					
	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2012	4,100,475	38,683	23,565	776	(3,228,344)	935,155
Loss for the year	–	–	–	–	(297,910)	(297,910)
At 31 December 2012	4,100,475	38,683	23,565	776	(3,526,254)	637,245
At 1 January 2013	4,100,475	38,683	23,565	776	(3,526,254)	637,245
Loss for the year	–	–	–	–	(287,005)	(287,005)
Transfer to retained earnings upon lapse of share options	–	(38,683)	–	–	38,683	–
At 31 December 2013	4,100,475	–	23,565	776	(3,774,576)	350,240

35 Own shares held

	No. of shares	HK$'000
At 1 January 2012 and 31 December 2012	3,043,771	6,244
At 1 January 2013 and 31 December 2013	3,043,771	6,244

36 Notes to the consolidated statement of cash flows

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

	2013 HK$'000	2012 HK$'000
Loss before taxation	(472,663)	(317,210)
Interest expenses	66,482	67,550
Interest income	(13,102)	(16,407)
Amortisation and depreciation	194,605	224,291
Dividend income on available-for-sale financial assets	(950)	(1,560)
Share of profits less losses of investments accounted for using the equity method	20,453	(5,318)
Provision for impairment of goodwill and other assets	1,718,952	136,280
Provision for impairment of long-term receivables	–	13,365
Provision for impairment of trade receivables	8,860	1,509
Provision for inventories	15,353	15,574
Loss on disposal of fixed assets	19	759
Gain on disposal of interests in subsidiaries (note b)	(1,521,679)	(3,745)
Loss/(gain) on deconsolidation of a subsidiary (note c)	14,884	(85)
Adjusted operating profit before working capital changes	31,214	115,003
Increase in long-term receivables	(170)	(5,295)
Increase in inventories	(15,319)	(34,226)
Decrease in trade and other receivables	67,398	66,610
Decrease in trade and other payables	(29,180)	(43,980)
Increase in pension obligations	143	4,293
Exchange adjustment	(4,339)	3,904
Net cash inflow from operations	49,747	106,309

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

(b) Disposal of interests in subsidiaries

For the year ended 31 December 2013

	HK$'000
Net assets disposed of:	
Fixed assets (note 14)	6,673
Other intangible assets (note 16)	4,938
Trade and other receivables	26,477
Cash and bank balances	2,117
Trade and other payables	(207,799)
Exchange reserve	835
	(166,759)
Gain on disposal of interests in subsidiaries (note a)	1,521,679
	1,354,920
Represented by:	
Fair value of retained interest in joint ventures	1,375,920
Other payables	(21,000)
	1,354,920
Analysis of net cash outflow in respect of disposal of interests in subsidiaries:	
Cash and bank balances disposed of	(2,117)

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

(b) Disposal of interests in subsidiaries (Continued)

For the year ended 31 December 2012

	HK$'000
Net assets disposed of:	
Fixed assets (note 14)	145
Other intangible assets (note 16)	862
Deferred tax assets (note 31(a))	245
Inventories	5,584
Trade and other receivables	9,197
Cash and bank balances	5,842
Trade and other payables	(6,139)
Pension obligation (note 30(c))	(2,477)
	13,259
Gain on disposal of interests in subsidiaries (note a)	3,745
	17,004
Satisfied by:	
Cash received	17,004
Analysis of net cash inflow in respect of disposal of interests in subsidiaries:	
Cash received	17,004
Cash and bank balances disposed of	(5,842)
Net cash inflow in respect of disposal of interests in subsidiaries	11,162

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

(c) Deconsolidation of a subsidiary

	2013 HK$'000	2012 HK$'000
Net assets deconsolidated:		
Fixed assets (note 14)	22,898	1
Goodwill (note 15)	1,356	116
Trade and other receivables	76,981	32
Cash and bank balances	864	1,154
Trade and other payables	(92,641)	(756)
Taxation payable	(1,667)	–
Non-controlling interests	(3,154)	(85)
Exchange reserve	(2,265)	(547)
Net asset value written off	2,372	(85)
Amount due from the subsidiary written off	12,512	–
Loss/(gain) on deconsolidation of a subsidiary (note a)	14,884	(85)
Analysis of net cash outflow in respect of deconsolidation of a subsidiary:		
Cash and bank balances deconsolidated	864	1,154

Due to the deconsolidation of a subsidiary of the Outdoor Media Group in the current year, the net asset value of the subsidiary and the amount due from that subsidiary have been written off.

(d) Analysis of changes in financing during the year

	2013 HK$'000	2012 HK$'000
Bank loans		
At 1 January	2,215,958	2,131,898
New bank loans	2,361,516	1,098,448
Loan repayments	(2,245,671)	(1,031,550)
	115,845	66,898
Exchange adjustment	(11,046)	17,162
At 31 December	2,320,757	2,215,958

37 Pledge of assets

Save as disclosed in note 25, the Group had no pledge of assets as at 31 December 2013 (2012: Nil).

38 Commitments

(a) Capital commitments

Save as disclosed in note (b) below, the Group's maximum capital commitments as at 31 December 2013 are as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Acquisition of investments		
– Contracted but not provided for	7,680	14,800
Acquisition of fixed assets and other intangible assets		
– Authorised but not contracted for	90,350	111,177
	98,030	125,977

(b) Commitments under operating leases

At 31 December 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2013		2012	
	Land and buildings HK$'000	Other assets HK$'000	Land and buildings HK$'000	Other assets HK$'000
No later than one year	53,169	64,017	57,540	51,412
Later than one year and no later than five years	81,573	101,940	113,664	58,339
Later than five years	–	15,253	66	12,901
	134,742	181,210	171,270	122,652

39 Related party transactions

A summary of significant related party transactions, in addition to those disclosed in notes 24 and 27 to the consolidated financial statements, is set out below:

(a) Sales of goods and services

	Group 2013 HK$'000	Group 2012 HK$'000
Sales to		
– HWL and its subsidiaries	31,549	41,433
– Non-controlling interests of subsidiaries and their subsidiaries	7,848	20,721
– a joint venture	22,827	3,658
– an associated company	2,243	–

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

Year-end balances due from these related companies arising from sales of goods and services are shown in note 24(c).

(b) Purchase of goods and services

	Group 2013 HK$'000	Group 2012 HK$'000
Purchase of services payable to		
– non-controlling interests of subsidiaries and their subsidiaries	15,855	16,642
Rental payable to		
– an associated company of CKH	–	9,688
– a subsidiary of CKH	13,191	8,590
– non-controlling interests of subsidiaries and their subsidiaries	1,385	1,667
Service fees payable to		
– HWL and its subsidiaries	3,865	4,125
Interest expenses payable to non-controlling interests of a subsidiary	1,892	1,897

39 Related party transactions (Continued)

(b) Purchase of goods and services (Continued)

In the current year, two substantial shareholders of the Company granted guarantees to the Company at an guarantee fee equivalent to 0.5% per annum for loan facilities amounting to HK$2,900 million (2012: HK$2,200 million). During the year, guarantee fee amounted to approximately HK$9,492,000 was paid by the Company (2012: HK$8,918,000) to these substantial shareholders.

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

Year-end balances due to these related companies arising from purchase of goods and services are shown in note 27(c).

(c) Key management compensation

Management considers remuneration to all key management of the Group has already been disclosed in note 13.

40 Subsequent events

On 16 January 2014, a joint venture, held as to 49% by a non-wholly owned subsidiary of the Group, signed a shareholders' agreement and a subscription agreement with several investors. Pursuant to the subscription agreement, the joint venture agreed to allot and issue and the investors agreed on a several basis to subscribe for certain Series A Preferred Shares representing 13.25% of the total share capital of the joint venture on a fully diluted basis at the aggregate investors' subscription price of US$110 million. Following completion of the investors' subscription, the joint venture became an associated company of the Group, held as to 42.51% by a non-wholly owned subsidiary of the Group, 44.24% by the joint venture partner and 13.25% by investors on a fully diluted basis. The Group would recognise a dilution gain of approximately HK$180 million, and the gain attributable to equity holders of the Company of approximately HK$160 million on this disposal in 2014.

Pursuant to the terms of the shareholders' agreement, and as soon as reasonably practicable, intercompany loans in the aggregate principal amount of RMB155 million due to the Group from the associated companies will be restructured into an unsecured convertible loan to be issued by an associated company to the Group.

With reference to the terms of the shareholders' agreement, the marketing resources the Group would provide to the joint venture in the coming five years (as described in Note 18(b)(iv)) will be an amount up to RMB155 million.

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

41 Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation.

42 Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 27 February 2014.

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particular of issued/ registered capital	Effective interest held
	tom.com enterprises Limited	British Virgin Islands ("BVI"), limited liability company	Holding of the domain name of www.tom.com	1 ordinary share of US$1	100%
	TOM Group International Limited	Hong Kong, limited liability company	Management of strategic investments of the Group in Greater China	10 ordinary shares of HK$1 each	100%
	Mobile Internet Group				
@	Beijing Huan Jian Shu Meng Network Technology Limited	Mainland China, limited liability company	Provision of mobile and Internet content services	Registered capital RMB1,000,000	90.002%
@	Beijing Lei Ting Wan Jun Network Technology Limited	Mainland China, limited liability company	Provision of Internet content services, online advertising services and telecom value-added services in Mainland China	Registered capital RMB100,000,000	90.002%
@	Beijing Lei Ting Wu Ji Network Technology Company Limited	Mainland China, limited liability company	Provision of wireless interactive voice response services in Mainland China	Registered capital RMB10,000,000	90.002%
@	Beijing LingXun Interactive Science Technology and Development Company Limited	Mainland China, limited liability company	Provision of wireless Internet services in Mainland China	Registered capital RMB10,000,000	90.002%
@	Beijing Redsail Netlegend Data Network Technology Company Limited	Mainland China, limited liability company	Provision of interactive call centre services in Mainland China	Registered capital RMB62,800,000	90.002%
	Beijing Super Channel Network Limited	Mainland China, limited liability company	Provision of technical and management services in Mainland China	Registered capital US$13,000,000	90.002%
	ECLink Electronic Network Systems (Shenzhen) Co., Ltd.	Mainland China, limited liability company	Software, electronics and computer network system development in Mainland China	Registered capital US$3,000,000	100%

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particular of issued/ registered capital	Effective interest held
	Mobile Internet Group (Continued)				
@	Shenzhen Freenet Information Technology Company Limited	Mainland China, limited liability company	E-mail service provider and provision of wireless Internet services in Mainland China	Registered capital RMB23,000,000	90.002%
	TOM Online Inc.	Cayman Islands, limited liability company	Investment holding in Mainland China	4,259,654,528 ordinary shares of HK$0.01 each	90.002%
	E-Commerce Group				
@	[1]Beijing Ule E-Commerce Company Limited	Mainland China, limited liability company	Investment holding in Mainland China	Registered capital RMB21,000,000	44.1%
	Shanghai Eachnet Network Technology Services Co. Ltd.	Mainland China, limited liability company	Operation of a mobile and Internet-based C2C marketplace in Mainland China	Registered capital US$35,263,334	90.002%
	[1]Shanghai Ule Network Technology Co., Ltd. (previously named as Shanghai TOM Network Technology Services Co., Ltd.)	Mainland China, limited liability company	Provision of technical support to e-Commerce platform and operation of a mobile and Internet-based B2C marketplace in Mainland China	Registered capital US$165,000	44.1%
@	[1]Shanghai Ule Trading Company Limited	Mainland China, limited liability company	Operation of a mobile and Internet-based B2C marketplace in Mainland China	Registered capital RMB2,000,000	44.1%
	[1]Ule Holdings Limited (previously named as TOM Technical Limited)	BVI, limited liability company	Investment holding	100 ordinary shares of US$0.01	44.1%
	[1]Ule International Co., Limited (previously named as TOM Technical (Hong Kong) Limited)	Hong Kong, limited liability company	Investment holding and product development	2 ordinary shares of HK$1 each	44.1%

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particular of issued/ registered capital	Effective interest held
	Publishing Group				
	Bookworm Club Co., Ltd	Taiwan, limited liability company	Distribution and retailing of books and magazines in Taiwan	2,015,000 ordinary shares of NT$10 each	82.87%
#	China Popular Computer Week Management Company Limited	Mainland China, limited liability company	Advertising sales and distribution of publication products in Mainland China	Registered capital RMB30,000,000	49%
	Cite (H.K.) Publishing Group Limited	Hong Kong, limited liability company	Retailing and distribution of books and magazines in Hong Kong	4,200,000 ordinary shares of HK$1 each	69.07%
	Cite (Malaysia) SDN. BHD.	Malaysia, limited liability company	Publishing and distribution of books and magazines in Malaysia	400,000 ordinary shares of RM1 each	73.14%
	Cité Publishing Holding Limited	BVI, limited liability company	Investment holding in Taiwan	4,979,402 ordinary shares of US$0.01 each	82.89%
	Cité Publishing Limited	Taiwan, limited liability Company	Publishing of books and magazines in Taiwan	71,501,020 ordinary shares of NT$10 each	82.87%
	Cup Magazine Publishing Limited	Hong Kong, limited liability company	Publishing of books and magazines in Hong Kong	2 ordinary shares of HK$1 each	100%
	Gamebase Digital Media Co., Ltd.	Taiwan, limited liability company	Distribution and promotion of online games and advertising sales in Taiwan	2,000,000 ordinary shares of NT$10 each	82.87%
	Home Media Group Ltd.	Cayman Islands, limited liability company	Investment holding, advertising sales and distribution of publications in Taiwan	986,922,602 ordinary shares of US$0.00001 each	82.87%
	Nong Nong Magazine Co., Ltd.	Taiwan, limited liability company	Publishing and distribution of magazines and advertising sales in Taiwan	2,500,000 ordinary shares of NT$10 each	66.30%
	Pixnet Digital Media Corporation Limited	Taiwan, limited liability company	Supply service of online community and social networking websites in Taiwan	5,745,880 ordinary shares of NT$10 each	82.03%
	Shanghai TOM Cite Consulting Limited	Mainland China, limited liability company	Publication products design, promotion and information consultancy services in Mainland China	Registered capital US$200,000	100%

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

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particular of issued/ registered capital	Effective interest held
	Television and Entertainment Group				
@	Guangdong Yangcheng Advertising Company Limited	Mainland China, limited liability company	Advertising services, event management and media buying business in Mainland China	Registered capital RMB5,000,000	80%
	China Entertainment Television Broadcast Limited	Hong Kong, limited liability company	Operation of satellite television channels and provision of content and television programmes to various platforms including satellite television and syndication network	45,059 ordinary shares of HK$0.3 each	76.08%
	華娛廣告（深圳）有限公司	Mainland China, limited liability company	Advertising services in Mainland China	Registered capital HK$8,000,000	76.08%
@	Shenzhen Sheng Shi Jia Hua Television Cultural Transmission Company Limited	Mainland China, limited liability company	Television programmes production and related services and programme syndication	Registered capital RMB3,000,000	100%
	YCP Advertising Limited	Hong Kong, limited liability company	Advertising services, event management and media buying business in Mainland China and Hong Kong	10 ordinary shares of HK$1 each	80%

[1] Joint venture
Associated company
@ The equity interest is held by individual nominees on behalf of the Group

The above table lists the principal subsidiaries, joint ventures and associated companies of the Group at 31 December 2013 which, in the opinion of the directors of the Company, either principally affect the results and net assets of the Group or provide potential opportunities to the business development of the Group. To give full details of subsidiaries, joint ventures and associated companies would, in the opinion of the directors of the Company, result in particulars of excessive length.

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

"Associates"	has the meaning ascribed to it in the Listing Rules
"Board"	means the board of Directors
"CETV"	means China Entertainment Television Broadcast Limited
"CKH"	means Cheung Kong (Holdings) Limited
"Company" or "TOM"	means TOM Group Limited
"Director(s)"	means the director(s) of the Company
"GEM"	means the Growth Enterprise Market of the Stock Exchange
"Group" or "TOM Group"	means the Company and its subsidiaries
"HWL"	means Hutchison Whampoa Limited
"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 China" or "PRC"	means The People's Republic of China, excluding Hong Kong, Macau and Taiwan
"Model Code"	means Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"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
"TOM International"	means TOM Group International Limited

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