TOM Group Limited

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

ANNUAL REPORT 2014

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Corporate Information

Board of Directors
Chairman
Frank John Sixt

Executive Directors
Yeung Kwok Mung
Mak Soek Fun, Angela

Non-executive Directors
Chang Pui Vee, Debbie
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 Chinese-language media conglomerate in Greater China, with diverse business interests in E-Commerce, Mobile Internet, Publishing, Outdoor Media, Television and Entertainment and across markets in Mainland China, Taiwan and Hong Kong.

TOM was founded in October 1999 as a joint venture between Hutchison Whampoa Limited, Cheung Kong (Holdings) Limited, and other strategic investors. Headquartered in Hong Kong, the Group has regional headquarters in Beijing, Shanghai and Taipei with approximately 2,000 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	**2014**	2013	2012	2011	2010
Results					
Revenue					
E-Commerce	**3,366**	27,030	7,520	–	1,834
Mobile Internet	**89,264**	287,546	557,276	727,452	1,031,963
Publishing	**958,802**	1,030,041	1,056,815	1,051,584	947,492
Outdoor Media	**229,712**	365,981	365,267	331,112	275,348
Television & Entertainment	**229,889**	217,133	219,038	216,212	207,590
	1,511,033	1,927,731	2,205,916	2,326,360	2,464,227
Operating loss#	**(5,353)**	(419,283)	(266,067)	(458,578)	(93,001)
Loss attributable to equity holders of the Company	**(84,879)**	(550,073)	(337,187)	(498,270)	(167,952)
Financial Position					
Total assets	**3,812,013**	3,986,234	4,471,862	4,732,054	5,140,262
Total liabilities	**3,281,012**	3,358,917	3,350,227	3,276,280	3,268,351
Total equity	**531,001**	627,317	1,121,635	1,455,774	1,871,911

Operating loss refers to loss before finance costs and taxation.

Chairman's Statement

I am pleased to announce the results of TOM Group Limited and its subsidiaries for the year ended 31 December 2014.

In 2014, the Group's revenue reached HK$1,511 million, operating loss narrowed to HK$194 million. Loss attributable to shareholders, including disposal gain of interest in Ule, was HK$85 million.

During the reporting period, Ule (www.ule.com), the e-commerce joint venture between the Group and China Post, continued its strong growth. Gross merchandise value (GMV) jumped 354% from previous year to RMB6,497 million in 2014. Ule has been expanding its footprint in China's rural e-commerce market. As at the end of 2014, more than 40,000 of China Post's rural franchised stores in 21 provinces joined Ule's rural e-commerce platform, offering a wide range of services to franchisees as well as new e-commerce supply opportunities for their rural customers in rural villages.

During the period, TOM Group and Ule co-invested in WeLab Holdings Limited ("WeLab"), a Hong Kong based online consumer finance company. By partnering with China Post and Ule, WeLab is expected to accelerate its service rollout in China. In January 2015, TOM and Ule also co-invested in Rubikloud Technologies Inc. ("Rubikloud"), a Canadian based company specialising in retail intelligence. Rubikloud will provide leading edge big data analytics services for Ule.

The Mobile Internet Group reported revenues of HK$89 million. Following our exit from traditional WVAS businesses, the management of the division has focused on streamlining the Group's operations and evaluating the progress and prospects of its mobile games business.

The Publishing Group maintained a stable performance during the reporting period, with segment revenues and profit of HK$959 million and HK$61 million respectively.

The Outdoor Media Group reported revenues of HK$230 million with segment loss reduced by 15% from previous year. The Television and Entertainment Group reported its revenues at HK$230 million in the period.

Going forward, TOM Group will maintain financial and operating discipline in its core business. However, the Group's main focus in 2015 will be the continuing development of Ule.

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, 24 February 2015

Business and Operation Review

During the review period, the Group and China Post focused on driving the rapid growth of Ule, a unique offline-to-online e-commerce platform. In addition, the Group also partnered with Ule to engage in technology-based strategic investment projects to tap the rapid growth of China e-commerce market. During the reporting period, the Group invested in online consumer finance company WeLab. In January 2015, the Group also invested in big data analytics service provider Rubikloud, facilitating the Group's development in the high growth technology sector.

In addition, the Group continued to rationalise its resources deployment of existing businesses to enhance operating efficiency and unlock the asset value. Revenue maintained at HK$1,511 million; gross profit margin expanded 3.1 percentage points from a year earlier to 33.4% as a result of effective cost control initiatives. Loss attributable to shareholders, including disposal gain, narrowed significantly by 85% to HK$85 million.

E-Commerce: Expanding rural e-commerce footprint delivered strong KPIs

During the reporting period, Ule focused on expanding its rural e-commerce footprint. Full year GMV jumped 354% year-on-year to RMB6,497 million, exceeding 2013 full year GMV of RMB1,432 million. In 2014, Ule has launched various marketing campaigns to attract buyers and drive sales. The "Ule Overseas Zone", a dedicated channel with a wide range of imported products from selected overseas markets, launched "Korean Zone" and "Russian Zone" to further diversify its product and service offerings. By the end of last year, repeated buyers accounted for 50% of total buyers, which reflected their strong loyalty to Ule. Orders placed on mobile phone accounted for 30% of the total orders in the second half last year, up from 10% in the first half.

The Chinese government's efforts in modernising and digitising rural villages facilitate the emerging growth of rural e-commerce in China. Riding on the extensive network of China Post, Ule has been able to offer an array of services to rural villagers including concierge services, agricultural product procurement and bill payment services. As at the end of 2014, the Ule rural e-commerce platform has covered more than 40,000 rural outlets, serving and improving the quality of life of rural residents in 21 provinces across the nation.

Targeting China's massive rural consumption market, WeLab, an Internet and technology based consumer finance company, has been working closely together with Ule for the launch of financing and loan products in 2015, further diversifying Ule's service offerings for the rural population.

Earlier this year, Rubikloud, a retail intelligence firm, implemented its unique real-time transaction data analysis on Ule's Omni-channel platforms, riding on its big data analytics technology on the cloud. As a result, Ule can deepen its understanding of consumers' behaviour and offering customised service, as well as providing targeted marketing solutions for merchants.

In 2015, the Group will continue to invest in high growth and high technology businesses. Ule will also deepen the cooperation with strategic partners to drive sales, cementing a market leading position in rural e-commerce market.

Mobile Internet: Enhanced operating efficiency with focused strategy

During the reporting period, Mobile Internet Group has been operating under a streamlined structure with focus on incubating mobile games business. The Group will continue to monitor its business performance with enhanced operating efficiency and improved resources utilisation.

Publishing: Maintained market leadership with stable performance

The Publishing Group reported stable performance in the reporting period and maintained its market leader position. Revenue reached HK$959 million with segment profit of HK$61 million.

Outdoor Media: Continued improvement in operations

The Outdoor Media Group reported an improved performance with revenues amounted to HK$230 million. Segment loss narrowed by 15%.

Television and Entertainment: Focused on operating efficiency

Television and Entertainment Group reported revenues of HK$230 million. Key performing indices were maintained with emphasis on operating efficiency and efficient use of resources.

Financial Review

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

Consolidated Revenue

The Group's consolidated revenue for the year ended 31 December 2014 amounted to HK$1,511 million, a 22% decrease from last year, following the exit from 2.5G WVAS business in Mainland China and business consolidation of Outdoor Media Group in 2013.

Segmental Results

The segmental profit/loss refer to profit/loss before finance costs and taxation, and material non-cash items including share of results of investments accounted for using the equity method.

The Group continued to focus on its investment in the fast-growing e-Commerce business in Mainland China through its Ule associates, which results were equity accounted for by the Group.

The Mobile Internet Group reported gross revenues of HK$89 million. Segment loss narrowed to HK$17 million, as a result of streamlined and focused operations.

The Publishing Group delivered stable revenues with cautious investment in digital publishing. Gross revenues and segment profit was HK$959 million and HK$61 million respectively.

The Outdoor Media Group reported gross revenues of HK$230 million. Segment loss narrowed to HK$22 million, as a result of business consolidation and improved operating efficiency.

The Television and Entertainment Group reported stable gross revenues of HK$230 million. Segment loss narrowed to HK$36 million, due to improved operating efficiency.

Share of Results of Investments Accounted for Using the Equity Method

The share of results of investments accounted for using the equity method largely represented the Group's share of results of Ule under the E-Commerce Group.

Operating Loss

The Group's operating loss for the year amounted to HK$5 million, compared to last year's HK$419 million. Excluding the gain on disposal of interests in investments accounted for using the equity method totalling HK$188 million (2013: 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 and loss on deconsolidation of a subsidiary of HK$15 million), the operating loss from recurring operation was HK$194 million, a 7% decrease from HK$207 million in 2013.

The gain on disposal of interests in investments accounted for using the equity method totalling HK$188 million arose from the dilution of shareholdings in certain former joint ventures and certain associated companies of the E-Commerce Group, following completion of the investors' subscriptions of new shares of these companies in 2014. The dilution gains were recorded in the consolidated income statement for the year. Net gains attributable to the equity holders of the Company amounted to HK$169 million.

Loss Attributable to Equity Holders of the Company
The Group's loss attributable to equity holders of the Company was HK$85 million, a decrease of 85% from HK$550 million in 2013.

Liquidity and Financial Resources
As at 31 December 2014, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK$536 million.

In December 2014, a subsidiary of the Group in Taiwan entered into facility agreements with several independent financial institutions for providing an aggregate principal amount of NT$500 million (approximately HK$123 million) term 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$3,441 million financing facilities were available, of which HK$2,471 million had been utilised as at 31 December 2014, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$2,471 million as at 31 December 2014. This included long-term bank loans of approximately HK$2,343 million and short-term bank loans of approximately HK$128 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 82% as at 31 December 2014, compared to 79% as at 31 December 2013.

As at 31 December 2014, the Group had net current assets of approximately HK$418 million, compared to balance of approximately HK$366 million as at 31 December 2013. As at 31 December 2014, the current ratio (Current assets/Current liabilities) of TOM Group was 1.45, compared to 1.30 as at 31 December 2013.

In 2014, net cash used in operating activities after interest and taxation paid amounted to HK$110 million. Net cash outflow used in investing activities was HK$168 million, mainly included capital expenditures of HK$142 million and investment in an available-for-sale financial asset of HK$31 million. During the year, net cash inflow from financing activities amounted to HK$140 million, mainly included drawdown of bank loans, net of repayment, of HK$168 million, partially offset by payment of loan arrangement fee of HK$22 million and dividends paid to non-controlling interests of subsidiaries of HK$5 million.

Charges on Group Assets
As at 31 December 2014, the Group had restricted cash amounting to HK$4 million, being bank deposits mainly pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return.

Subsequent Events
In January 2015, the Group, through its non-wholly owned subsidiary, completed a share subscription of US$2 million in Rubikloud Technologies Inc., a Canadian based company specialising in retail intelligence for an approximately 7% equity interests on a fully diluted basis.

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

Foreign Exchange Exposure

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 2014, TOM Group had approximately 1,980 full-time employees. Employee costs, excluding Directors' emoluments, totalled HK$481 million for the year. All of the TOM Group companies are equal opportunity employers, with the selection and promotion of individuals being based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of TOM Group's salary and bonus system, which is reviewed annually. A wide range of benefits including medical coverage and provident funds are also provided to employees. In addition, training and development programmes are provided on an ongoing basis throughout TOM Group. Social, sporting and recreational activities were arranged during the year for the employees on a Group-wide basis.

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 investments accounted for using the equity method, 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 63, 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 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 50, 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 50, 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 64, has been a Non-executive Director of the Company since 5 October 1999. She holds a Bachelor of Arts degree from Hunter College, New York City. She has been directing business development in Mainland China for a number of years. She was a member of the People's Consultative Party of Beijing, Eastern City District and had served as a director of Beijing Oriental Plaza Company Limited. She is a director of Cranwood Company Limited, Schumann International Limited and Handel International Limited, which are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Ip Tak Chuen, Edmond

aged 62, has been a Non-executive Director of the Company since 15 October 1999. He is also deputy managing director and member of executive committee of CK Hutchison Holdings Limited ("CK Hutchison") (a company listed on the Stock Exchange since 18 March 2015) and deputy managing director of Cheung Kong Property Holdings Limited ("CK Property"). He is also the deputy managing director and member of executive committee of CKH (whose listing status on the Stock Exchange was replaced by CK Hutchison on 18 March 2015). In addition, he is an executive director and deputy chairman of CKI, the senior vice president and chief investment officer of CK Life Sciences Int'l., (Holdings) Inc., a non-executive director of ARA Asset Management Limited (an Asian real estate fund management company listed in Singapore), AVIC International Holding (HK) Limited, Real Nutriceutical Group Limited and Shougang Concord International Enterprises Company Limited (except for CK Property and CKH, all being listed companies). Mr. Ip is also a non-executive director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT which is listed in Hong Kong and 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 67, 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 (whose listing status on the Stock Exchange was replaced by CK Hutchison on 18 March 2015) and CK Hutchison, which are substantial shareholders of the Company within the meaning of Part XV of the SFO, CKI, CNNC International Limited, Creative Energy Solutions Holdings Limited, Greenland Hong Kong Holdings Limited, HTHKH, New World Department Store China Limited and Skyworth Digital Holdings Limited, all being listed in Hong Kong. He is also an independent director of BTS Group Holdings Public Company Limited, a company listed in Thailand, and an executive director and the deputy chairman of Worldsec Limited, a company listed in London. He was previously an independent non-executive director of Hong Kong Jewellery Holding 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 66, 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 64, 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 62, has been an Independent Non-executive Director of the Company since 24 June 2013. He is also a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Ip is an executive director and chief executive officer of LHIL Manager Limited (Trustee-manager of Langham Hospitality Investments) and Langham Hospitality Investments Limited (stock code: 1270), a non-executive director of Eagle Asset Management (CP) Limited (manager of Champion Real Estate Investment Trust (stock code: 2778)), an independent non-executive director of AEON Credit Service (Asia) Company Limited (stock code: 900), Hopewell Highway Infrastructure Limited (stock code: 737), New World China Land Limited (stock code: 917), Power Assets (stock code: 6) and Lifestyle International Holdings Limited (stock code: 1212).

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

Mr. Ip is 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 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, a member of Legal Aid Services Council and a Board of Governor of World Green Organization.

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

Chow Woo Mo Fong, Susan

aged 61, 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, a non-executive director of HTHKH, a director of HTAL and an alternate director of CKI, HTAL and HK Electric Investments Manager Limited ("HKEIML") as the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited ("HKEIL"). 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, an executive director of Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited), HKEIML as the trustee-manager of HKEI, and HKEIL. Mrs. Chow is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Changes in Information of Directors

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2014 Interim Report of the Company are set out below:

Name of Director	Details of the Changes
Cheong Ying Chew, Henry	Appointed as: – an independent non-executive director of Skyworth Digital Holdings Limited on 1 January 2015 – an independent non-executive director of CK Hutchison on 18 March 2015
Ip Yuk-keung, Albert	Appointed as: – a member of Legal Aid Services Council on 1 September 2014 – a Board of Governor of World Green Organization on 1 January 2015
Chow Woo Mo Fong, Susan	Resigned as : – an executive director of HKEIML as the trustee-manager of HKEI, and HKEIL on 28 November 2014 – an executive director of Hutchison Harbour Ring Limited (now known as China Oceanwide Holdings Limited) on 19 December 2014 Appointed as an alternate director of HKEIML as the trustee-manager of HKEI, and HKEIL on 28 November 2014

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2014.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The activities of its principal subsidiaries and associated companies are set out on pages 131 to 135.

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

Results and appropriations

The results for the year are set out in the consolidated income statement on page 43.

The Directors do not recommend the payment of a dividend.

Reserves

As at 31 December 2014, the Company's reserves available for distribution calculated under the Companies Law of the Cayman Islands totalled HK$393,883,000, 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 consolidated financial statements.

Fixed assets

Details of the movements in fixed assets of the Group are set out in note 14 to the consolidated 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 consolidated 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 *
Mr. James Sha #
Mr. Ip Yuk-keung, Albert #
Mrs. Chow Woo Mo Fong, Susan + *(alternate Director to Mr. Frank John Sixt)*

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

In accordance with Article 116 of the Company's Articles of Association, Ms. Chang Pui Vee, Debbie, Mr. Ip Tak Chuen, Edmond and Mr. James Sha, 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 consolidated financial statements.

Share option scheme

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 ("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 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 Option Scheme has expired on 22 July 2014.

Summary of the Option Scheme

(a) Purpose of the Option Scheme

The purpose of the Option Scheme is to attract, retain and motivate talented participants to strive for future developments and expansion of the Group.

(b) Participants of the Option Scheme

Pursuant to the 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.

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

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the 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 Option Scheme (i.e. 388,941,336 shares of the Company).

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 Option Scheme 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 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 Option Scheme, 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 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 Option Scheme*
The Option Scheme has no remaining life as no options has been granted but the provisions of the Option Scheme shall in all other respects remain in full force and effect.

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

Outstanding share options

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

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

As at 31 December 2014, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company

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

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and short positions of substantial shareholders

As at 31 December 2014, 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%
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%

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
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 children under 18 and/or spouse & interest of controlled corporations	364,556,000 *(L)*	9.36%

(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 2014, 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 2014 are disclosed in note 39 to the consolidated financial statements. The related party transactions which constitute connected transactions in the context of Listing Rules are summarised below.

Continuing connected transactions

(a) On 30 December 2011, TOM International has entered into an advertising services agreement with Hutchison International Limited ("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$80,610,000 has been paid or payable by HIL to the Group.

The actual aggregate transaction amount (net of value added tax) of the continuing connected transactions for the year ended 31 December 2014 was HK$80,610,000 ("Actual 2014 Transaction Amount"), which exceeded the previous 2014 annual cap of HK$60,000,000 ("Previous 2014 Annual Cap") by HK$20,610,000.

As the Actual 2014 Transaction Amount exceeded the Previous 2014 Annual Cap, pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules. The Actual 2014 Transaction Amount in respect of the continuing connected transactions exceeded 0.1% but did not exceed 5% of the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules, accordingly the continuing connected transactions were exempt from the independent shareholders' approval. The Company has made an announcement in respect of the exceeded annual cap for the continuing connected transactions on 16 February 2015.

(b) 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 an 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 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 or payable by Yangcheng Advertising to YCWB amounted to HK$13,999,000.

(c) On 26 March 2013, 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 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$16,096,000 has been paid or payable by TOM International to The Center (48).

(d) 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$10,683,000 has been paid or payable 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 better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the 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 letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 20 to 22 of the Annual Report in accordance with the Listing Rules 14A.56(1) to (4), including a qualification in respect of the Previous 2014 Annual Cap being exceeded. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Subsequent to the year ended 31 December 2014, the Group has entered into the following continuing connected transactions as defined under the Listing Rules:

On 20 January 2015, TOM International has entered into a services agreement with HIL, 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 2015 and expiring on 31 December 2017, subject to the annual caps of HK$90,000,000, HK$92,000,000 and HK$95,000,000 for the years 2015, 2016 and 2017 respectively.

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, Cheung Kong Infrastructure Holdings Limited ("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 Hutchison Telecommunications Hong Kong Holdings Limited ("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 deputy managing director and member of executive committee of CKH, the senior vice president and chief investment officer of CK Life Sciences Int'l., (Holdings) Inc. ("CK Life"), the deputy chairman of CKI. Mrs. Lee Pui Ling, Angelina, a Non-executive Director, is a non-executive director of CKI. 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 consolidated 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 consolidated 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, 24 February 2015

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 2014, 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 14 May 2014 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 2014.

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 2014, 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.

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 prior to the beginning of the year. Between scheduled meetings, senior management of the Group provides information to Directors on a regular basis, monthly updates and other information with respect to the activities and performances of the businesses of the Group. Throughout the year, Directors participate in the consideration and approval of certain significant operational matter of the Company by way of circulating resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Company Secretary and other executives as and when required. 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 declares his interest and abstains from voting on the relevant resolution and such Director is not counted for quorum determination purposes.

The Board held 4 regular meetings in 2014 with 92% attendance.

The attendance records of the meetings held in 2014 are set out below:

	Board Meetings	General Meeting
Chairman		
Mr. Frank John Sixt	3/4	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
Mr. James Sha	3/4	0/1
Mr. Ip Yuk-keung, Albert	4/4	1/1

In addition to the regular Board meetings, a meeting between the Chairman, Non-executive Directors and Independent Non-executive Directors without the presence of Executive Directors was held once in 2014.

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 2014 is set out below:

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

Board Committees

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

Company Secretary

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

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

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

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

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles of Association of the Company. Whilst the Company Secretary reports to the Board through the Chairman, all members of the Board have access to the advice and service of the Company Secretary. Ms. Angela Mak has been appointed as the Company Secretary of the Company since 2000, and has the day-to-day knowledge of the Company's affairs. In response to specific enquiries made, the Company Secretary confirmed that she has complied with all the proposed qualifications, experience and training requirements of the Listing Rules throughout 2014.

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 consolidated financial statements of the Group could be prepared in accordance with the Group's accounting policies. The Directors consider that in preparing the financial statements, the Group has applied appropriate accounting policies that are consistently adopted and made judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group. The Directors also ensure the publication of the consolidated financial statements of the Group is made in a timely manner. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 41 to 42.

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 2014 with 75% attendance.

The attendance records of the Audit Committee meetings held in 2014 are set out below:

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

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

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

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

(b) major judgemental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

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

The Audit Committee also meets with the 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 2014, the remuneration to the external auditor of the Company were approximately HK$9,784,000 for audit services and HK$37,000 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 including 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.

The Remuneration Committee had 1 meeting in 2014 with 100% attendance.

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

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

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

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 2014, 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 2014 are set out in note 13 to the consolidated 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 2014 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 2014 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 2014 AGM which was held on 14 May 2014 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 14 May 2014 are set out below:

ORDINARY RESOLUTIONS		Number of Votes (Approx. %) For
1.	To receive and adopt the audited Financial Statements and the Reports of the Directors and the Auditor for the year ended 31 December 2013.	(100.000000%)
2.	(a) To re-elect Mr. Yeung Kwok Mung as a Director.	(100.000000%)
	(b) To re-elect Mr. Cheong Ying Chew, Henry as a Director.	(99.573109%)
	(c) To re-elect Mrs. Lee Pui Ling, Angelina as a Director.	(98.488716%)
	(d) To re-elect Mr. Ip Yuk-keung, Albert as a Director.	(100.000000%)
3.	To re-appoint PricewaterhouseCoopers as the Auditor and authorise the Board to fix their remuneration.	(100.000000%)
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.	(98.488715%)
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.	(100.000000%)
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.	(98.488715%)

By order of the Board

Angela Mak
Company Secretary

Hong Kong, 24 February 2015

The Group is committed to maintaining corporate social responsibility. As a 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 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, use of teleconferencing as an alternative to travel.

III. Operating Practices

Anti-corruption

The Group is committed to achieving and maintaining openness, uprightness and accountability and all staff are expected to observe ethical, personal and professional conduct. In addition to the Staff Code of Conduct on anti-bribery and anti-corruption, the 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 2014, 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 ten successive years since 2004.

The Group organises regular book donation campaigns to promote reading culture among people from different backgrounds. In 2014, the Group's volunteer team visited a kindergarten and donated various kinds of books to the kindergarten to share the joy of reading with underprivileged children. All participating children were given an environmental book. The Group also educated children about environmental way of life through story telling and planting workshop.

Our Outdoor Media Group holds charity events for the needed from time to time. In 2014, it has visited Shanghai Guangci Disabled Children's Home and held a charity event to help children in need, and spread the message of love and care.

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

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

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

Apart from making monetary and resource donations, the Foundation lobbies for public participation with a view to raising public awareness and encourages community participation in contribution to the needy. Currently, 9 Coastline Academies for kids have been established in these regions with the co-operation and support from more than 15 organisations in Taiwan from wide-ranging backgrounds, e.g. charitable, religious, educational and 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 43 to 135, which comprise the consolidated and Company statements of financial position as at 31 December 2014, 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.

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

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 2014, 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, 24 February 2015

	Note	2014 HK$'000	2013 HK$'000
Revenue	4	1,511,033	1,927,731
Cost of sales	6	(1,006,976)	(1,343,111)
Selling and marketing expenses	6	(225,516)	(268,526)
Administrative expenses	6	(154,185)	(175,910)
Other operating expenses	6	(230,512)	(345,754)
Other gains, net	6	2,643	18,897
Gain on disposal of interests in investments accounted for using the equity method	18	188,198	–
Gain on disposal of interests in subsidiaries	18(b)	–	1,521,679
Provision for impairment of goodwill and other assets	5	–	(1,718,952)
Loss on deconsolidation of a subsidiary	36(c)	–	(14,884)
Share of profits less losses of investments accounted for using the equity method	18	(90,038)	(20,453)
		(5,353)	(419,283)
Finance income	7	9,120	13,102
Finance costs	7	(72,499)	(66,482)
Finance costs, net	7	(63,379)	(53,380)
Loss before taxation		(68,732)	(472,663)
Taxation	8	(8,733)	(79,545)
Loss for the year		(77,465)	(552,208)
Attributable to:			
Non-controlling interests		7,414	(2,135)
Equity holders of the Company		(84,879)	(550,073)
Loss per share attributable to equity holders of the Company during the year			
Basic and diluted	11	HK (2.18) cents	HK (14.13) cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 *HK$'000*	2013 *HK$'000*
Loss for the year	(77,465)	(552,208)
Item that will not be reclassified subsequently to income statement:		
Remeasurement of defined benefit plans	1,938	3,112
Items that may be subsequently reclassified to income statement:		
Revaluation surplus on available-for-sale financial assets	3,005	3,903
Exchange translation differences	(20,699)	63,464
	(17,694)	67,367
Other comprehensive (expense)/income for the year, net of tax	(15,756)	70,479
Total comprehensive expense for the year	(93,221)	(481,729)
Total comprehensive (expense)/income for the year attributable to:		
– Non-controlling interests	(2,395)	1,187
– Equity holders of the Company	(90,826)	(482,916)

	Note	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	14	122,337	142,315
Goodwill	15	644,778	646,914
Other intangible assets	16	81,129	88,023
Investments accounted for using the equity method	18	1,520,101	1,435,970
Available-for-sale financial assets	20	58,149	24,137
Advance to an investee company	21	2,183	2,180
Deferred tax assets	31(a)	35,811	34,421
Other non-current assets	22	8,246	6,725
		2,472,734	2,380,685
Current assets			
Inventories	23	110,456	114,096
Trade and other receivables	24	689,638	793,169
Restricted cash	25	3,680	3,105
Cash and cash equivalents	26	535,505	695,179
		1,339,279	1,605,549
Current liabilities			
Trade and other payables	27	731,338	945,806
Taxation payable		35,446	48,836
Long-term bank loans – current portion	29	26,219	73,901
Short-term bank loans	28	127,816	171,138
		920,819	1,239,681
Net current assets		418,460	365,868
Total assets less current liabilities		2,891,194	2,746,553
Non-current liabilities			
Deferred tax liabilities	31(b)	8,602	6,398
Non-current portion of long-term bank loans	29	2,316,681	2,075,718
Pension obligations	30(a)	34,910	37,120
		2,360,193	2,119,236
Net assets		531,001	627,317

Consolidated Statement of Financial Position

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	32	389,328	389,328
Deficits		(157,618)	(66,792)
Own shares held	35	(6,244)	(6,244)
		225,466	316,292
Non-controlling interests		305,535	311,025
Total equity		531,001	627,317

Yeung Kwok Mung
Director

Mak Soek Fun, Angela
Director

	Note	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	17	**1,747,614**	1,551,416
Other non-current assets	22	**5,265**	–
		1,752,879	1,551,416
Current assets			
Amounts due from subsidiaries	17	**2,270,966**	1,846,120
Other receivables	24	**8,068**	7,233
Cash and cash equivalents	26	**474**	478
		2,279,508	1,853,831
Current liabilities			
Amounts due to subsidiaries	17	**987,272**	640,186
Other payables	27	**47,372**	48,737
		1,034,644	688,923
Net current assets		**1,244,864**	1,164,908
Total assets less current liabilities		**2,997,743**	2,716,324
Non-current liabilities			
Long-term bank loans	29	**2,220,000**	1,983,000
Net assets		**777,743**	733,324
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	32	**389,328**	389,328
Reserves	34	**394,659**	350,240
Own shares held	35	**(6,244)**	(6,244)
		777,743	733,324

Yeung Kwok Mung
Director

Mak Soek Fun, Angela
Director

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 2014	389,328	(6,244)	3,625,981	(11,186)	776	150,542	8,012	790,965	(4,631,882)	316,292	311,025	627,317
Comprehensive income:												
Loss for the year	–	–	–	–	–	–	–	–	(84,879)	(84,879)	7,414	(77,465)
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets	–	–	–	–	–	–	3,005	–	–	3,005	–	3,005
Remeasurement of defined benefit plans	–	–	–	–	–	–	–	–	1,776	1,776	162	1,938
Exchange translation differences	–	–	–	–	–	–	–	(10,728)	–	(10,728)	(9,971)	(20,699)
Total comprehensive income/(expense) for the year ended 31 December 2014	–	–	–	–	–	–	3,005	(10,728)	(83,103)	(90,826)	(2,395)	(93,221)
Transactions with equity holders:												
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(4,992)	(4,992)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1,897	1,897
Transfer to general reserve	–	–	–	–	–	1,881	–	–	(1,881)	–	–	–
Transactions with equity holders	–	–	–	–	–	1,881	–	–	(1,881)	–	(3,095)	(3,095)
Balance at 31 December 2014	389,328	(6,244)	3,625,981	(11,186)	776	152,423	11,017	780,237	(4,716,866)	225,466	305,535	531,001

	Group											
	Attributable to equity holders of the Company											
	Share capital	Own shares held	Share premium	Capital reserve	Capital redemption reserve	General reserve	Available-for-sale financial assets reserve	Exchange reserve	Accumulated losses	Total shareholders' funds	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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
Remeasurement 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:												
Dividends 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

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Net cash (outflow)/inflow from operations	36(a)	(45,056)	49,747
Interest paid		(43,383)	(32,868)
Overseas taxation paid		(21,723)	(52,836)
Net cash used in operating activities		(110,162)	(35,957)
Cash flows from investing activities			
Capital expenditure		(141,839)	(161,056)
Proceeds from disposal of fixed assets		1,527	1,733
Disposal of interests in subsidiaries	36(b)	–	(2,117)
Deconsolidation of a subsidiary	36(c)	–	(864)
Capital investment in an associated company		–	(7,586)
Capital investment in a joint venture		–	(9,334)
Capital investment in an available-for-sale financial asset		(31,301)	–
Advance to an associated company		–	(2,129)
Dividends received		3,130	2,817
Net cash used in investing activities		(168,483)	(178,536)
Cash flows from financing activities			
New bank loans	36(d)	771,852	2,361,516
Loan repayments	36(d)	(604,307)	(2,245,671)
Loan arrangement fee paid		(22,390)	(11,337)
Dividends paid to non-controlling interests		(4,992)	(6,796)
Increase of restricted cash	25	(575)	(142)
Net cash from financing activities		139,588	97,570
Decrease in cash and cash equivalents		(139,057)	(116,923)
Cash and cash equivalents at 1 January		695,179	797,115
Exchange adjustment		(20,617)	14,987
Cash and cash equivalents at 31 December	26	535,505	695,179

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 available-for-sale financial assets are stated at fair value, unless fair value cannot be reliably measured as set out in note 1(f) below, and investments accounted for using the equity method, of which the retained interests are remeasured to the fair value at the date when the Group lost control in the subsidiaries which became investments accounted for using the equity method of the Group, as stated in note 1(c) below.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 2014.

The adoption of these new and revised standards, amendments and interpretations does not have a material impact to the Group's results of operations or financial position.

1 Principal accounting policies (Continued)

(a) Basis of preparation (Continued)

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

Improvements to HKFRSs (2)	Annual Improvements to 2010-2012 Cycle
Improvements to HKFRSs (1)	Annual Improvements to 2011-2013 Cycle
Improvements to HKFRSs (3)	Annual Improvements to 2012-2014 Cycle
HKAS 1 (Amendments) (3)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments) (3)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments) (3)	Agriculture: Bearer Plants
HKAS 19 (2011) (Amendments) (1)	Defined Benefit Plans – Employee Contributions
HKAS 27 (Amendments) (3)	Equity Method in Separate Financial Statements
HKFRS 9 (2014) (5)	Financial Instruments
HKFRS 10 and HKAS 28 (Amendments) (3)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments) (3)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments) (3)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 15 (4)	Revenue from Contracts with Customers

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

(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 2016

(4) Effective for the Group for annual periods beginning 1 January 2017

(5) Effective for the Group for annual periods beginning 1 January 2018

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

1 Principal accounting policies (Continued)

(b) Consolidation

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

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

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, 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.

1 Principal accounting policies (Continued)

(b) Consolidation (Continued)

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.

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

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

(c) Transactions with non-controlling interests

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

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

1 Principal accounting policies (Continued)

(d) Joint arrangements

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

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

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

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

(e) Associated companies

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

1 Principal accounting policies (Continued)

(e) Associated companies (Continued)

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's 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.

Gain and losses on dilution of equity interest 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.

1 Principal accounting policies (Continued)

(f) Financial assets (Continued)

(ii) Available-for-sale financial assets

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

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

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

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

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

1 Principal accounting policies (Continued)

(f) Financial assets (Continued)

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

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

(g) Fixed assets

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

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

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

1 Principal accounting policies (Continued)

(g) Fixed assets (Continued)

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

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

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

(h) Intangible assets

(i) Goodwill

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

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

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

1 Principal accounting policies (Continued)

(h) Intangible assets (Continued)

(ii) Other intangible assets

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

Principal annual rates are as follows:

Concession rights	5%-33$\frac{1}{3}$%
Publishing rights	the higher of 6%-50% or on an individual basis based on the amount of revenues earned in proportion to management's estimate of total revenue in respect to the publishing rights
Technical know-how, trademarks and domain names	12.5%-20%

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

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

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

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

1 Principal accounting policies (Continued)

(j) Operating leases

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

(k) Inventories

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

(l) Trade and other receivables

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

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

1 Principal accounting policies (Continued)

(m) Employee benefits

(i) Pension obligations

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

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

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

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

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

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

Past service costs are recognised immediately in income statement.

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

1 Principal accounting policies (Continued)

(m) Employee benefits (Continued)

(i) Pension obligations (Continued)

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

(ii) 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.

1 Principal accounting policies (Continued)

(m) Employee benefits (Continued)

(ii) Share-based compensation (Continued)

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.

(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.

1 Principal accounting policies (Continued)

(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 liabilities are provided on taxable 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.

1 Principal accounting policies (Continued)

(o) Current and deferred income tax (Continued)

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

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

(p) Provisions

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

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

(q) Trade payables

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

(r) Contingent liabilities and contingent assets

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

1 Principal accounting policies (Continued)

(r) Contingent liabilities and contingent assets (Continued)

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.

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.

1 Principal accounting policies (Continued)

(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.

1 Principal accounting policies (Continued)

(t) Foreign currency translation (Continued)

(iii) Group companies (Continued)

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

(iv) Disposal of foreign operation and partial disposal

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

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

1 Principal accounting policies (Continued)

(u) Segment reporting

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

Segment profit/loss excludes other material 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.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Liquidity risk (Continued)

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.

	Less than 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*
At 31 December 2014			
Group			
Bank borrowings, including interest payable	201,460	2,311,719	48,973
Trade and other payables excluding non-financial liabilities	573,320	–	–
Company			
Bank borrowings, including interest payable	43,813	2,261,732	–
Amounts due to subsidiaries	987,272	–	–
Other payables	47,105	–	–
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	–	–

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(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 2014, 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$24,707,000 higher/lower (2013: HK$23,208,000 higher/lower on pre-tax loss), mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2014, 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$5,374,000 lower/higher (2013: HK$6,963,000 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 analysis on the foreign currency exposure of HK$/US$ against RMB and NT$ is set out below.

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Foreign currency risk (Continued)

For companies with HK$ as their functional currency

At 31 December 2014, 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$32,000 higher/lower (2013: HK$101,000 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 2014 is less sensitive to movement in currency exchange rate than that in 2013 because the amount of RMB denominated cash and bank balances, and trade and other receivables held by operating companies in Hong Kong decreased in a greater proportion than trade and other payables.

For companies with RMB as their functional currency

At 31 December 2014, 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$854,000 higher/lower (2013: HK$676,000 higher/lower on pre-tax loss), mainly as a result of foreign exchange losses/gains on translation of HK$/US$ denominated cash and bank balances. Loss in 2014 is more sensitive to movement in currency exchange rate than that in 2013 because the amount of HK$/US$ denominated cash and bank balances held by operating companies in the PRC had increased.

For companies with NT$ as their functional currency

At 31 December 2014, 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$31,000 lower/higher (2013: HK$20,000 lower/higher on pre-tax profit), mainly as a result of foreign exchange losses/gains on translation of HK$/US$ denominated cash and bank balances. Profit in 2014 is more sensitive to movement in currency exchange rate than that in 2013 because the amount of HK$/US$ denominated cash and bank balances held by operating companies in Taiwan had increased.

(v) Price risk

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

2 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(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.

(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.

2 Financial risk management (Continued)

(b) Capital risk management (Continued)

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 2014 and 2013 were as follows:

	2014 *HK$'000*	2013 *HK$'000*
Short-term bank loans (note 28)	**127,816**	171,138
Long-term bank loans (note 29)	**2,342,900**	2,149,619
Total borrowings	**2,470,716**	2,320,757
Total equity	**531,001**	627,317
Total capital	**3,001,717**	2,948,074
Gearing ratio	**82%**	79%

The increase in the gearing ratio in 2014 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 a borrower subsidiary. Management regularly monitors the Group's compliance of the covenant requirements.

2 Financial risk management (Continued)

(c) Fair value estimation

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

2 Financial risk management (Continued)

(c) Fair value estimation (Continued)

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

	Level 1 *HK$'000*
At 31 December 2014	
Assets	
Available-for-sale financial assets	
– Equity securities	14,879
Total assets	14,879
Total liabilities	–
At 31 December 2013	
Assets	
Available-for-sale financial assets	
– Equity securities	11,874
Total assets	11,874
Total liabilities	–

3 Critical accounting estimates and judgements

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

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

(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).

No impairment charge arose in CGUs during the year. For sensitivity analysis, if a 1% annual sales growth rate is reduced from the original discounted cash flow assumption under the value-in-use calculation, no impairment would have recognised. In 2013, impairment charges arose in CGUs of the Mobile Internet Group: HK$1,297,203,000, Outdoor Media Group: HK$216,285,000 and Television and Entertainment Group: HK$35,535,000, resulting in the carrying amounts of those CGUs being written down to their recoverable amounts.

(ii) Income taxes

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

3 Critical accounting estimates and judgements (Continued)

(ii) Income taxes (Continued)

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

(iii) Provision for sales return

Revenue is stated net of sales return provision. Sales return provision is made by the Group upon the delivery of goods to the customers when the significant risks and rewards of ownership of the goods are transferred to the customers. As at 31 December 2014, the provision for sales return of the Group amounted to HK$38,501,000 (2013: HK$43,529,000). This provision is recognised by the Group based on the best estimates by management with reference to past experience and other relevant factors. Any difference between this estimate and the actual return will impact the Group's results in the period in which the actual return is determined.

(iv) Provision for impairment of trade and other receivables

The policy for provision for impairment of trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. The amount of provision made as at 31 December 2014 was HK$100,367,000 (2013: HK$94,253,000). 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.

4 Segment information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out on pages 131 to 135.

The following revenues are recognised during the year:

	2014 *HK$'000*	2013 *HK$'000*
– Provision of services to users using the mobile and Internet-based marketplace and provision of technical services for online trading platform	3,366	27,030
– Provision of mobile Internet services, online advertising, commercial enterprise solutions and online communication services	89,264	287,546
– Magazine and book circulation, sales of publication advertising and other related products	958,802	1,030,041
– Advertising sales of outdoor media assets and provision of outdoor media services	229,712	365,981
– Advertising sales in relation to satellite television channel operations, production of broadcasting programmes and provision for media sales, event production and marketing services	229,889	217,133
Consolidated revenues	1,511,033	1,927,731

The Group has five reportable operating segments:

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

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

4 Segment information (Continued)

The segment results for the year ended 31 December 2014 are as follows:

	Year ended 31 December 2014					
	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Gross segment revenue	3,366	89,264	958,802	229,712	230,308	1,511,452
Inter-segment revenue	–	–	–	–	(419)	(419)
Net revenue from external customers	3,366	89,264	958,802	229,712	229,889	1,511,033
Segment profit/(loss) before amortisation and depreciation	(6,889)	(8,483)	177,990	10	(25,279)	137,349
Amortisation and depreciation	(95)	(8,231)	(117,090)	(22,202)	(10,544)	(158,162)
Segment profit/(loss)	(6,984)	(16,714)	60,900	(22,192)	(35,823)	(20,813)
Other material non-cash items:						
Gain on disposal of interests in investments accounted for using the equity method	188,198	–	–	–	–	188,198
Share of profits less losses of investments accounted for using the equity method	(71,983)	(215)	(17,840)	–	–	(90,038)
	116,215	(215)	(17,840)	–	–	98,160
Finance costs:						
Finance income (note a)	66	6,974	17,589	1,136	67	25,832
Finance expenses (note a)	–	–	(10,945)	–	(13,732)	(24,677)
	66	6,974	6,644	1,136	(13,665)	1,155
Segment profit/(loss) before taxation	109,297	(9,955)	49,704	(21,056)	(49,488)	78,502
Unallocated corporate expenses						(147,234)
Loss before taxation						(68,732)
Expenditure for operating segment non-current assets	–	2,534	108,860	22,709	7,722	141,825
Unallocated expenditure for non-current assets						14
Total expenditure for non-current assets						141,839

Note (a):

Inter-segment interest income and inter-segment interest expenses amounted to HK$17,030,000 and HK$14,555,000 were included in the finance income and finance expenses respectively.

4 Segment information (Continued)

The segment assets and liabilities at 31 December 2014 are as follows:

	As at 31 December 2014					
	E-Commerce Group *HK$'000*	Mobile Internet Group *HK$'000*	Publishing Group *HK$'000*	Outdoor Media Group *HK$'000*	Television and Entertainment Group *HK$'000*	Total *HK$'000*
Segment assets	111,047	500,183	1,185,292	299,588	142,409	2,238,519
Investments accounted for using the equity method	1,496,192	4,346	19,563	–	–	1,520,101
Unallocated assets						53,393
Total assets						3,812,013
Segment liabilities	29,866	105,731	362,483	104,643	42,616	645,339
Unallocated liabilities:						
Corporate liabilities						120,909
Current taxation						35,446
Deferred taxation						8,602
Borrowings						2,470,716
Total liabilities						3,281,012

4 Segment information (Continued)

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

	Year ended 31 December 2013					
	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Gross segment revenue	27,030	287,546	1,030,041	365,981	217,804	1,928,402
Inter-segment revenue	–	–	–	–	(671)	(671)
Net revenue from external customers	27,030	287,546	1,030,041	365,981	217,133	1,927,731
Segment profit/(loss) before amortisation and depreciation	(52,417)	(68,654)	210,917	8,194	(23,923)	74,117
Amortisation and depreciation	(5,699)	(23,635)	(117,751)	(34,154)	(12,732)	(193,971)
Segment profit/(loss)	(58,116)	(92,289)	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	(3,745)	(252)	(16,456)	–	–	(20,453)
	1,517,934	(1,297,455)	(186,385)	(231,169)	(35,535)	(232,610)
Finance costs:						
Finance income (note a)	71	10,316	21,941	1,109	72	33,509
Finance expenses (note a)	–	–	(12,484)	–	(23,523)	(36,007)
	71	10,316	9,457	1,109	(23,451)	(2,498)
Segment profit/(loss) before taxation	1,459,889	(1,379,428)	(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	1,321	3,611	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:

	E-Commerce Group HK$'000	Mobile Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
	As at 31 December 2013					
Segment assets	115,280	649,427	1,265,206	322,273	143,766	2,495,952
Investments accounted for using the equity method	1,390,709	4,623	40,638	–	–	1,435,970
Unallocated assets						54,312
Total assets						3,986,234
Segment liabilities	51,123	242,223	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

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

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

Hong Kong – Mobile Internet Group and Publishing Group

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

Taiwan and other Asian country – Publishing Group

4 Segment information (Continued)

	Revenue		Non-current assets other than deferred tax assets	
	Year ended 31 December 2014 Consolidated Total *HK$'000*	Year ended 31 December 2013 Consolidated Total *HK$'000*	As at 31 December 2014 Consolidated Total *HK$'000*	As at 31 December 2013 Consolidated Total *HK$'000*
Hong Kong	9,422	11,722	7,876	3,774
Mainland China	559,546	908,721	1,790,681	1,689,996
Taiwan and other Asian country	942,065	1,007,288	638,366	652,494
	1,511,033	1,927,731	2,436,923	2,346,264

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

No provision for impairment of goodwill and other assets was made during the year. In 2013, provision for impairment of goodwill totalling HK$1,549,023,000 was made to Mobile Internet Group of HK$1,297,203,000, Outdoor Media Group of HK$216,285,000 and Television and Entertainment Group of HK$35,535,000 respectively with reference to the reduced estimated recoverable values of certain cash-generating units in the respective mentioned segments; and provision for impairment of HK$169,929,000 was made to the carrying value of an associated company to reflect its estimated recoverable value. Net provision attributable to equity holders of the Company was HK$1,590,441,000.

6 Operating loss

Operating loss is stated after charging/crediting the following:

	2014 *HK$'000*	2013 *HK$'000*
Charging:		
Mobile operators and revenue sharing costs	**35,342**	167,274
Depreciation (note 14)	**52,545**	79,120
Amortisation of other intangible assets (note 16)	**106,266**	115,485
Cost of inventories sold (note 23)	**518,887**	559,691
Staff costs (including directors' emoluments) (note 12)	**491,535**	603,699
Operating leases in respect of:		
– Land and buildings	**63,948**	68,541
– Other assets	**94,982**	135,457
Auditors' remuneration	**10,776**	13,642
Provision for impairment of trade receivables, net (note 24(c))	**11,313**	8,860
Provision for inventories	**14,409**	15,353
Write off of other receivables	**8,976**	–
Loss on disposal of fixed assets	**551**	19
Loss on disposal of other intangible assets	**848**	–
Crediting:		
Write back of trade payables, net (note)	**41,420**	–
Write back of other payables	**2,252**	–
Dividend income from available-for-sale financial assets	**967**	950
Exchange gain, net	**3,075**	17,966

Note:

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

7 Finance costs, net

	2014 *HK$'000*	2013 *HK$'000*
Interest and borrowing costs on bank loans	70,602	64,590
Interest on other loans	1,897	1,892
	72,499	66,482
Less: Bank interest income	(9,120)	(13,102)
	63,379	53,380

8 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 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:

	2014 *HK$'000*	2013 *HK$'000*
Overseas taxation	17,961	35,310
(Over)/under-provision in prior years (note)	(8,548)	32,235
Deferred taxation (note 31(c))	(680)	12,000
Taxation charge	8,733	79,545

Note:

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

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

8 Taxation (Continued)

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

	2014 *HK$'000*	2013 *HK$'000*
Loss before taxation	**(68,732)**	(472,663)
Calculated at a taxation rate of 16.5% (2013: 16.5%)	**(11,341)**	(77,989)
Effect of different applicable taxation rates in other countries	**1,676**	2,484
Income not subject to taxation	**(56,378)**	(260,549)
Expenses not deductible for taxation purposes	**15,616**	307,906
Utilisation of previously unrecognised tax losses	**(1,270)**	(3,094)
Recognition of previously unrecognised temporary differences	**(2,324)**	(4,481)
Tax losses not recognised	**50,226**	53,100
Temporary differences not recognised	**2,105**	2,560
Tax effect of results of investments accounted for using the equity method	**14,856**	3,375
Withholding tax	**4,115**	6,353
Deferred tax assets written off	**–**	17,645
(Over)/under-provision in prior years	**(8,548)**	32,235
Taxation charge	**8,733**	79,545

9 Loss attributable to equity holders of the Company

The profit of the Company is HK$44,419,000 (2013: loss of HK$287,005,000) 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 (2013: 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$84,879,000 (2013: HK$550,073,000) and the weighted average of 3,893,270,558 (2013: 3,893,270,558) ordinary shares in issue during the year.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the year ended 31 December 2014 as no share option was granted by the Company during the year and there was no outstanding share option as at the end of the reporting period. For the year ended 31 December 2013, all the outstanding share options granted by the Company were lapsed such that the diluted loss per share was equal to the basic loss per share.

12 Staff costs, including directors' emoluments

	2014 HK$'000	2013 HK$'000
Wages and salaries	460,861	563,440
Pension costs – defined contribution plans	27,277	37,030
Pension costs – defined benefit plans (note 30(b))	3,397	3,229
	491,535	603,699

13 Directors' and senior management's emoluments

(a) Directors' emoluments

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

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

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

(a) Directors' emoluments (Continued)

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)

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 (2013: Nil).

There has been no arrangement under which a director has waived or agreed to waive any emoluments for the year ended 31 December 2014 (2013: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2013: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2013: three) individuals during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
Basic salaries, housing allowances, other allowances and benefits in kind	**4,859**	4,944
Discretionary bonuses	**2,878**	3,413
Contributions to retirement benefit schemes	**102**	102
	7,839	8,459

The emoluments of these three (2013: three) individuals fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$2,000,001 – HK$2,500,000	**2**	2
HK$3,500,001 – HK$4,000,000	**1**	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 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
At 1 January 2014	26,454	68,355	532,104	174,159	81,046	4,052	886,170
Exchange adjustment	(925)	(1,440)	(14,770)	(4,214)	(1,244)	(53)	(22,646)
Additions	–	2,397	12,810	18,772	1,583	2,939	38,501
Transfer between categories	–	1,429	–	2,574	–	(4,003)	–
Disposals and write-offs	–	(30,157)	(77,522)	(23,181)	(5,444)	–	(136,304)
At 31 December 2014	25,529	40,584	452,622	168,110	75,941	2,935	765,721
Accumulated depreciation and impairment losses							
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
At 1 January 2014	10,151	56,155	485,908	120,604	71,037	–	743,855
Exchange adjustment	(274)	(1,135)	(13,363)	(2,953)	(1,065)	–	(18,790)
Depreciation charge for the year	997	6,079	23,026	18,839	3,604	–	52,545
Disposals and write-offs	–	(29,542)	(77,345)	(22,328)	(5,011)	–	(134,226)
At 31 December 2014	10,874	31,557	418,226	114,162	68,565	–	643,384
Net book value							
At 31 December 2014	14,655	9,027	34,396	53,948	7,376	2,935	122,337
At 31 December 2013	16,303	12,200	46,196	53,555	10,009	4,052	142,315

14 Fixed assets (Continued)

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

	2014 HK$'000	2013 HK$'000
Outside Hong Kong, held on		
Leases of over 50 years	14,655	16,303

15 Goodwill

	Group	
	2014 HK$'000	2013 HK$'000
Net book value, at 1 January	646,914	2,154,471
Exchange adjustment	(2,136)	42,822
Provision for impairment (note 5)	–	(1,549,023)
Deconsolidation of a subsidiary (note 36(c))	–	(1,356)
Net book value, at 31 December	644,778	646,914
At 31 December:		
Cost	4,641,267	4,702,993
Accumulated amortisation and impairment	(3,996,489)	(4,056,079)
Net book value	644,778	646,914

15 Goodwill (Continued)

(a) Impairment test for goodwill

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

A segment level of the goodwill allocation is presented below.

	2014			2013		
	Mainland China *HK$'000*	Taiwan and other Asian country *HK$'000*	Total *HK$'000*	Mainland China *HK$'000*	Taiwan and other Asian country *HK$'000*	Total *HK$'000*
E-Commerce	70,158	–	70,158	71,842	–	71,842
Publishing	–	509,156	509,156	–	509,591	509,591
Outdoor Media	40,893	–	40,893	40,910	–	40,910
Television and Entertainment	24,571	–	24,571	24,571	–	24,571
	135,622	509,156	644,778	137,323	509,591	646,914

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:

	E-Commerce Group	Publishing Group	Outdoor Media Group	Television and Entertain-ment Group
Gross margin[1]	57%-88%	43%-45%	20%-34%	12%
Growth rate[2]	5%	1%	1%	1%
Discount rate[3]	6%	7%	7%	8%

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$'000	Technical know-how, trademarks and domain names HK$'000	Total HK$'000
Cost					
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
At 1 January 2014	29,911	162,718	132,085	5,548	330,262
Exchange adjustment	(749)	(9,960)	(2,448)	(121)	(13,278)
Additions	–	95,870	6,853	615	103,338
Disposals and write-offs	(5,952)	(90,367)	(45,670)	(1,164)	(143,153)
At 31 December 2014	23,210	158,261	90,820	4,878	277,169
Accumulated amortisation					
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
At 1 January 2014	22,587	86,949	128,493	4,210	242,239
Exchange adjustment	(603)	(7,823)	(1,629)	(105)	(10,160)
Amortisation charge for the year	1,077	97,153	7,529	507	106,266
Disposals and write-offs	(5,952)	(90,367)	(45,670)	(316)	(142,305)
At 31 December 2014	17,109	85,912	88,723	4,296	196,040
Net book value					
At 31 December 2014	6,101	72,349	2,097	582	81,129
At 31 December 2013	7,324	75,769	3,592	1,338	88,023

Of the total amortisation charge, HK$105,759,000 (2013: HK$112,289,000) and HK$507,000 (2013: HK$3,196,000) were included in "cost of sales" and "other operating expenses" respectively.

17 Interests in subsidiaries

	Company 2014 HK$'000	2013 HK$'000
Investments at cost – unlisted shares	2,259,451	2,259,451
Less: Provision for impairment	(511,837)	(708,035)
	1,747,614	1,551,416

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 (2013: HK$789,928,000) bearing interest rate at primary Commercial Paper Fixing Rate ("CP rate") plus 0.7584% per annum (2013: 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 2014 is set out on pages 131 to 135.

18 Investments accounted for using the equity method

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

	Group 2014 HK$'000	2013 HK$'000
Associated companies (note a)	1,520,101	45,261
Joint ventures (note b)	–	1,390,709
As at 31 December	1,520,101	1,435,970

The amounts recognised in the income statement are as follows:

	Group 2014 HK$'000	2013 HK$'000
Associated companies (note a)	(85,931)	(16,708)
Joint ventures (note b)	(4,107)	(3,745)
For the year ended 31 December	(90,038)	(20,453)

18 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies

Movement in interests in associated companies during the year:

	Group	
	2014	2013
	HK$'000	*HK$'000*
At 1 January	**45,261**	223,772
Transfer from interests in joint ventures (note 18(b))	**1,203,075**	–
Increase in share capital of an associated company	**378,526**	–
Carrying value of certain interests in associated companies disposed of (note (i))	**(17,811)**	–
Share of profits less losses	**(85,931)**	(16,708)
Dividend paid	**(2,163)**	(1,867)
Capital investment in an associated company	**–**	7,586
Provision for impairment (note 5)	**–**	(169,929)
Exchange adjustment	**(856)**	2,407
At 31 December	**1,520,101**	45,261

Notes:

(i) In November 2014, an associated company of a non-wholly owned subsidiary of the Group agreed to allot and issue and investors agreed on a several basis to subscribe for certain Series A Preferred Shares representing 1.19% of the total share capital of the associated company on a fully diluted basis at the aggregate investors' subscription price of US$10 million. Following completion of the investors' subscription, the shareholding of the associated company held by the non-wholly owned subsidiary decreased from 42.51% to 42.00% on a fully diluted basis. The Group recognised a dilution gain of HK$13,203,000 in the consolidated income statement for the year on this disposal. Net gain attributable to equity holders of the Company amounted to HK$11,883,000.

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

18 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies (Continued)

Notes: (Continued)

(iii) In 2014, the Group considered Ule Holdings Limited and its subsidiaries ("Ule Holdings Group") as material associated companies. Ule Holdings Group is a strategic partnership for the Group's e-commerce business development and investment.

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

Summarised consolidated statement of financial position as at 31 December 2014

	HK$'000
Current	
Cash and cash equivalents	769,683
Other current assets (excluding cash)	15,125
Total current assets	784,808
Financial liabilities (excluding trade payables)	(262,717)
Other current liabilities (including trade payables)	(3,237)
Total current liabilities	(265,954)
Non-current	
Assets	69,727
Net assets	588,581

18 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies (Continued)

Notes: (Continued)

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

Summarised consolidated statement of comprehensive income for the year ended 31 December 2014

	HK$'000
Revenue	199,249
Depreciation and amortisation	(10,171)
Interest income	10,996
Loss from continuing operations	(144,354)
Income tax credit	689
Post-tax loss from continuing operations	(143,665)
Other comprehensive expense	(14,880)
Total comprehensive expense	(158,545)
Dividend received from associated companies	–

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in Ule Holdings Group in 2014:

	HK$'000
Net liabilities upon Ule Holdings Group became associated companies	(153,602)
Increase in share capital of an associated company	891,348
Loss for the period	(134,285)
Exchange adjustment	(14,880)
Closing net assets as at 31 December 2014	588,581
Interests in associated companies (42.00%)	247,204
Fair value adjustments	1,246,657
Amortisation of intangible assets	(10,412)
Carrying value as at 31 December 2014	1,483,449

18 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies (Continued)

Notes: (Continued)

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

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

The list of principal associated companies of the Group at 31 December 2014 is set out on pages 131 to 135.

(b) Interests in joint ventures

Movement in interests in joint ventures during the year:

	2014 ***HK$'000***	2013 *HK$'000*
At 1 January	**1,390,709**	8,798
Share of losses	**(4,107)**	(3,745)
Carrying value of certain interests in joint ventures disposed of	**(183,527)**	–
Transfer to interests in associated companies (note 18(a)) (note (i))	**(1,203,075)**	–
Capital investment in a joint venture	**–**	9,334
Fair value of retained interest in joint ventures after disposal of interests in subsidiaries (note (ii))	**–**	1,375,920
Exchange adjustment	**–**	402
At 31 December	**–**	1,390,709

18 Investments accounted for using the equity method (Continued)

(b) Interests in joint ventures (Continued)

Notes:

(i) 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 former joint venture became an associated company of the Group, held as to 42.51% by a non-wholly owned subsidiary of the Group, 44.24% by the joint venture partner and 13.25% by investors on a fully diluted basis. The Group recognised a dilution gain of HK$174,995,000 in the consolidated income statement for the year on this disposal. Net gain attributable to equity holders of the Company amounted to HK$157,499,000.

(ii) Upon the disposal of controlling interests in certain subsidiaries of E-Commerce Group in 2013, these companies ceased to be subsidiaries and became joint ventures of the Group, which were 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 2013. Net gain attributable to the equity holders of the Company amounted to HK$1,368,542,000.

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 2014			
Available-for-sale financial assets (note 20)	–	58,149	58,149
Long-term receivables (note 22)	2,981	–	2,981
Trade and other receivables excluding prepayments	630,093	–	630,093
Advance to an investee company (note 21)	2,183	–	2,183
Cash and cash equivalents (note 26)	535,505	–	535,505
Restricted cash (note 25)	3,680	–	3,680
	1,174,442	58,149	1,232,591
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	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

19 Financial instruments by category (Continued)

Group (Continued)

	Other financial liabilities HK$'000
Liabilities as per consolidated statement of financial position	
31 December 2014	
Short-term bank loans (note 28)	127,816
Long-term bank loans (note 29)	2,342,900
Trade and other payables excluding non-financial liabilities	573,621
	3,044,337
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	767,381
	3,088,138

Company

	Loans and receivables	
	2014	2013
	HK$'000	*HK$'000*
Assets as per statement of financial position		
Cash and cash equivalents (note 26)	**474**	478
Other receivables excluding prepayments	**7,457**	1,981
Amounts due from subsidiaries (note 17)	**2,270,966**	1,846,120
	2,278,897	1,848,579

	Other financial liabilities	
	2014	2013
	HK$'000	*HK$'000*
Liabilities as per statement of financial position		
Long-term bank loans (note 29)	**2,220,000**	1,983,000
Other payables (note 27)	**47,372**	48,737
Amounts due to subsidiaries (note 17)	**987,272**	640,186
	3,254,644	2,671,923

20 Available-for-sale financial assets

	Group 2014 HK$'000	Group 2013 HK$'000
Unlisted equity securities		
At 1 January	24,137	20,546
Exchange adjustment	(294)	(312)
Capital investment	31,301	–
Net gains transferred to equity	3,005	3,903
At 31 December	58,149	24,137
Less: non-current portion	(58,149)	(24,137)
Current portion	–	–

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

	Group 2014 HK$'000	Group 2013 HK$'000
Unlisted equity securities	58,149	24,137

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

	2014 HK$'000	2013 HK$'000
US$	31,551	–
HK$	14,879	11,874
NT$	9,969	10,513
RMB	1,750	1,750
	58,149	24,137

Certain unlisted equity securities with carrying amount of approximately HK$43,270,000 (2013: HK$12,263,000) 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 are impaired (2013: Nil).

21 Advance to an investee company

	Group	
	2014	2013
	HK$'000	*HK$'000*
Advance to an investee company	**2,183**	2,180

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

The advance to an investee company as at 31 December 2014 is interest-free, unsecured and repayable on demand (2013: 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	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Long-term receivables	**2,981**	5,440	**–**	–
Deferred expenses	**5,265**	1,285	**5,265**	–
	8,246	6,725	**5,265**	–

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

23 Inventories

	Group	
	2014	2013
	HK$'000	*HK$'000*
Merchandise	**17,203**	18,211
Finished goods	**83,308**	85,880
Work in progress	**9,945**	10,005
	110,456	114,096

The cost of inventories recognised as an expense and included in the cost of sales amounted to HK$518,887,000 (2013: HK$559,691,000).

24 Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables (note c)	**340,702**	397,111	**–**	–
Prepayments, deposits and other receivables (note d)	**348,936**	396,058	**8,068**	7,233
	689,638	793,169	**8,068**	7,233

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

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK$	**32,449**	28,655	**8,068**	7,233
US$	**–**	319	**–**	–
RMB	**418,445**	459,575	**–**	–
NT$	**238,744**	292,337	**–**	–
Others	**–**	12,283	**–**	–
	689,638	793,169	**8,068**	7,233

24 Trade and other receivables (Continued)

(c) As at 31 December 2014 and 2013, the ageing analyses of the Group's trade receivables were as follows:

	Group 2014 HK$'000	2013 HK$'000
Current	99,419	94,622
31-60 days	78,188	114,330
61-90 days	64,121	64,569
Over 90 days	199,341	217,843
	441,069	491,364
Less: Provision for impairment	(100,367)	(94,253)
	340,702	397,111
Represented by:		
Receivables from related companies	19,599	9,432
Receivables from third parties	321,103	387,679
	340,702	397,111

Total trade receivables from related companies beneficially owned by substantial shareholders of the Company, Hutchison Whampoa Limited ("HWL") and Cheung Kong (Holdings) Limited ("CKH"), as at 31 December 2014 amounted to HK$19,599,000 (2013: HK$9,202,000). As at 31 December 2014, there was no trade receivables from non-controlling interests of subsidiaries of the Group (2013: HK$230,000). 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 2014, the amount of the provision for impairment of trade receivables was HK$100,367,000 (2013: HK$94,253,000).

24 Trade and other receivables (Continued)

(c) (Continued)

As at 31 December 2014, trade receivables of HK$98,974,000 (2013: HK$123,590,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analyses of these trade receivables were as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Overdue by:		
Up to 3 months	**62,707**	72,089
Over 3 months	**36,267**	51,501
	98,974	123,590

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Balance as at 1 January	**94,253**	91,955
Provision for receivable impairment, net	**11,313**	8,860
Amounts written off during the year	**(3,740)**	(1,927)
Deconsolidation of a subsidiary	**–**	(6,715)
Exchange adjustment	**(1,459)**	2,080
Balance as at 31 December	**100,367**	94,253

24 Trade and other receivables (Continued)

(c) (Continued)

As at 31 December 2014 and 2013, the ageing analyses of the Group's impaired trade receivables were as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Over 90 days	**100,367**	94,253

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 as at 31 December 2014 included amounts due from associated companies and related companies of HK$203,770,000 (2013: HK$7,704,000) and HK$18,300,000 (2013: HK$21,256,000) respectively. As at 31 December 2014, no amount due from joint ventures was included in other receivables (2013: HK$200,217,000). 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 (2013: HK$613,000). The balances due from non-controlling interests of subsidiaries of the Group amounted to HK$17,687,000 (2013: HK$20,643,000).

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 2014, NT$14,973,000 (approximately HK$3,680,000) (2013: NT$10,800,000 or approximately HK$2,800,000) was pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return. As at 31 December 2013, RMB238,000 (approximately HK$305,000) was also 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	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash on hand	**1,829**	2,020	**–**	–
Cash at bank	**533,676**	693,159	**474**	478
	535,505	695,179	**474**	478

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK$	**30,118**	26,636	**56**	60
US$	**21,956**	14,743	**418**	418
RMB	**333,964**	490,558	**–**	–
NT$	**144,482**	150,703	**–**	–
Others	**4,985**	12,539	**–**	–
	535,505	695,179	**474**	478
Maximum exposure to credit risk	**533,676**	693,159	**474**	478

27 Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables (note b)	**151,853**	280,640	**–**	–
Other payables and accruals (note c)	**579,485**	665,166	**47,372**	48,737
	731,338	945,806	**47,372**	48,737

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

(b) As at 31 December 2014 and 2013, the ageing analyses of the Group's trade payables were as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current	**46,268**	60,700
31-60 days	**22,660**	28,045
61-90 days	**11,538**	15,521
Over 90 days	**71,387**	176,374
	151,853	280,640
Represented by:		
Payable to third parties	**151,853**	280,640

27 Trade and other payables (Continued)

(c) The Group's other payables as at 31 December 2014 included amounts due to associated companies and related companies of HK$1,344,000 (2013: HK$2,000) and HK$52,789,000 (2013: HK$51,978,000) respectively. As at 31 December 2014, no amount due to joint ventures was included in other payables (2013: HK$1,686,000). The total balances due to related companies beneficially owned by the substantial shareholders of the Company, HWL and Cranwood, amounted to HK$49,304,000 (2013: HK$48,437,000). The balances due to non-controlling interests of subsidiaries of the Group amounted to HK$3,485,000 (2013: HK$3,541,000).

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.

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK$	**95,238**	101,528	**1,747**	2,017
US$	**1,443**	8,728	**–**	–
RMB	**314,458**	386,669	**45,625**	46,720
NT$	**320,199**	359,275	**–**	–
Others	**–**	89,606	**–**	–
	731,338	945,806	**47,372**	48,737

28 Short-term bank loans

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unsecured	**127,816**	171,138	**–**	–

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	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unsecured	**2,342,900**	2,149,619	**2,220,000**	1,983,000
Less: current portion	**(26,219)**	(73,901)	**–**	–
	2,316,681	2,075,718	**2,220,000**	1,983,000
The bank loans are repayable:				
Within one year	**26,219**	73,901	**–**	–
In the second year	**2,268,341**	92,718	**2,220,000**	–
In the third to fifth year	**48,340**	1,983,000	**–**	1,983,000
Wholly repayable within 5 years	**2,342,900**	2,149,619	**2,220,000**	1,983,000
The bank loans are denominated in the following currencies:				
HK$	**2,220,000**	1,983,000	**2,220,000**	1,983,000
NT$	**122,900**	166,619	**–**	–
	2,342,900	2,149,619	**2,220,000**	1,983,000

These long-term bank loans are interest bearing at prevailing market rates ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 1.45% to Two Years Time Savings Index Rate of ChungHwa Post Co., Ltd. + 0.775% (2013: HIBOR plus 1.45% to CP rate plus 0.7%) per annum. 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.

30 Pension assets and obligations (Continued)

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

	Group 2014 *HK$'000*	2013 *HK$'000*
Present value of funded obligations (note c)	**71,606**	73,658
Fair value of plan assets (note d)	**(36,696)**	(36,538)
Pension obligations recognised in the consolidated statement of financial position	**34,910**	37,120
Remeasurement for defined benefit plans recognised in the consolidated statement of comprehensive income ("SOCI") during the year	**1,938**	3,112
Cumulative remeasurement of defined benefit plans recognised in the SOCI	**(322)**	(2,260)

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

	Group 2014 *HK$'000*	2013 *HK$'000*
Current service cost	**2,672**	3,022
Net interest on net defined benefit liability	**714**	624
Others	**11**	(417)
Total, included in staff costs (note 12)	**3,397**	3,229

30 Pension assets and obligations (Continued)

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

	Group 2014 HK$'000	Group 2013 HK$'000
At 1 January	73,658	73,925
Exchange adjustment	(3,383)	(1,623)
Current service cost	2,672	3,022
Interest cost	1,470	1,091
Actuarial (gain)/loss:		
– experience adjustment	(1,505)	2,876
– financial assumption changes	318	(4,397)
– demographic assumption changes	–	(407)
Payments from plans	(1,624)	(401)
Others	–	(428)
At 31 December (note a)	71,606	73,658

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

	Group 2014 HK$'000	Group 2013 HK$'000
At 1 January	36,538	33,836
Exchange adjustment	(1,150)	(633)
Interest income	756	467
Return on plan assets, excluding amounts included in interest income	751	1,184
Contribution by employer	1,436	2,096
Payments from plans	(1,624)	(401)
Others	(11)	(11)
At 31 December (note a)	36,696	36,538

The estimated contribution by the Group for the year 2015 will be amounted to HK$2,003,000.

30 Pension assets and obligations (Continued)

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

	Group	
	2014	2013
	Percentage	*Percentage*
Equity instruments		
Consumer markets and manufacturing	**6%**	7%
Energy and utilities	**2%**	2%
Financial institutions and insurance	**6%**	6%
Telecommunications and information technology	**4%**	4%
Others	**12%**	9%
	30%	28%
Debt instruments		
US Treasury notes	**1%**	1%
Government and government guaranteed notes	**4%**	4%
Financial institutions notes	**3%**	3%
Others	**3%**	2%
	11%	10%
Cash and cash equivalents	**59%**	62%
	100%	100%

30 Pension assets and obligations (Continued)

(e) (Continued)

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

	Group	
	2014	2013
	Percentage	*Percentage*
Aaa/AAA	38%	38%
Aa1/AA+	9%	11%
Aa2/AA	2%	1%
Aa3/AA-	5%	3%
A1/A+	9%	5%
A2/A	5%	7%
Other investment grades	28%	32%
No investment grades	4%	3%
	100%	100%

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

The principal actuarial assumptions used are as follows:

	Group	
	2014	2013
Discount rate	1.9% – 2.0%	2.0% – 2.1%
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 2014. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets.

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

The weighted average duration of the defined benefit obligations is 15.3 years.

30 Pension assets and obligations (Continued)

(e) (Continued)

Expected maturity analysis of undiscounted pension benefits

At 31 December 2014	Within next 5 years	Beyond 5 years but within 10 years	Beyond 10 years but within 15 years	Beyond 15 years but within 20 years	Beyond 20 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Pension benefits	17,537	22,739	27,254	24,461	27,031	119,022

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 2.9%	Increase by 3.0%
Rate of salary increases	0.25%	Increase by 2.3%	Decrease by 2.2%

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

31 Deferred taxation

(a) Deferred tax assets

	Group 2014 HK$'000	Group 2013 HK$'000
At 1 January	34,421	51,794
Exchange adjustment	(1,859)	(421)
Credited/(charged) to consolidated income statement (note c)	3,249	(16,952)
At 31 December	35,811	34,421
Amount to be recovered after more than one year	234	235

(b) Deferred tax liabilities

	Group 2014 HK$'000	Group 2013 HK$'000
At 1 January	6,398	11,340
Exchange adjustment	(365)	10
Charged/(credited) to consolidated income statement (note c)	2,569	(4,952)
At 31 December	8,602	6,398
Amount to be payable after more than one year	8,602	6,398

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

	Group 2014 HK$'000	Group 2013 HK$'000
Deferred tax assets (note a)	3,249	(16,952)
Deferred tax liabilities (note b)	(2,569)	4,952
Deferred taxation credited/(charged) to consolidated income statement (note 8)	680	(12,000)

31 Deferred taxation (Continued)

(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	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 1 January	**34,186**	34,298	**235**	17,496	**34,421**	51,794
Exchange adjustment	**(1,847)**	(978)	**(12)**	557	**(1,859)**	(421)
(Charged)/credited to consolidated income statement	**3,238**	866	**11**	(17,818)	**3,249**	(16,952)
At 31 December	**35,577**	34,186	**234**	235	**35,811**	34,421

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 2014 of HK$4,616,200,000 (2013: HK$4,483,150,000) that can be carried forward against future taxable income. Losses amounting to HK$640,829,000 will be expired from 2015 to 2024, and HK$3,975,371,000 has no expiry terms.

Deferred tax liabilities

	Group					
	Unremitted earnings		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 1 January	**1,278**	6,553	**5,120**	4,787	**6,398**	11,340
Exchange adjustment	**(245)**	(152)	**(120)**	162	**(365)**	10
(Credited)/charged to consolidated income statement	**2,569**	(5,123)	**–**	171	**2,569**	(4,952)
At 31 December	**3,602**	1,278	**5,000**	5,120	**8,602**	6,398

(e) Deferred income tax liabilities of HK$40,657,000 (2013: HK$43,962,000) 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$762,821,000 as at 31 December 2014 (2013: HK$833,835,000).

32 Share capital

Company – Authorised

	Ordinary shares of HK$0.1 each	
	No. of shares	*HK$'000*
At 31 December 2014 and 2013	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 2014 and 2013	3,893,270,558	389,328

33 Share option schemes

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 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 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 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 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 Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 388,941,336 shares, being 10% of the total number of shares of the Company in issue as at the date of approval of the Option Scheme.

33 Share option schemes (Continued)

Details of share options granted by the Company (Continued)

Movements in share options in 2013 were as follows:

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

All the share options granted by the Company were lapsed in 2013. No share option was granted by the Company during 2014, thus there was no outstanding share option as at 31 December 2014.

The Option Scheme has expired on 22 July 2014.

No share-based compensation costs were recognised during the year (2013: Nil).

34 Reserves

	Company					
	Share premium account 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 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
At 1 January 2014	4,100,475	–	23,565	776	(3,774,576)	350,240
Profit for the year	–	–	–	–	44,419	44,419
At 31 December 2014	4,100,475	–	23,565	776	(3,730,157)	394,659

35 Own shares held

	No. of shares	*HK$'000*
At 1 January 2013 and 31 December 2013	3,043,771	6,244
At 1 January 2014 and 31 December 2014	3,043,771	6,244

36 Notes to the consolidated statement of cash flows

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

	2014 *HK$'000*	2013 *HK$'000*
Loss before taxation	**(68,732)**	(472,663)
Interest expenses	**72,499**	66,482
Interest income	**(9,120)**	(13,102)
Amortisation and depreciation	**158,811**	194,605
Dividend income on available-for-sale financial assets	**(967)**	(950)
Share of profits less losses of investments accounted for using the equity method	**90,038**	20,453
Provision for impairment of goodwill and other assets	**–**	1,718,952
Provision for impairment of trade receivables, net	**11,313**	8,860
Provision for inventories	**14,409**	15,353
Write off of other receivables	**8,976**	–
Write back of trade payables, net	**(41,420)**	–
Write back of other payables	**(2,252)**	–
Loss on disposal of fixed assets	**551**	19
Loss on disposal of intangible assets	**848**	–
Gain on disposal of interests in investments accounted for using the equity method	**(188,198)**	–
Gain on disposal of interests in subsidiaries (note b)	**–**	(1,521,679)
Loss on deconsolidation of a subsidiary (note c)	**–**	14,884
Adjusted operating profit before working capital changes	**46,756**	31,214
Decrease/(increase) in long-term receivables	**2,459**	(170)
Increase in inventories	**(10,770)**	(15,319)
Decrease in trade and other receivables	**83,064**	67,398
Decrease in trade and other payables	**(158,203)**	(29,180)
(Decrease)/increase in pension obligations	**(272)**	143
Exchange adjustment	**(8,090)**	(4,339)
Net cash (outflow)/inflow from operations	**(45,056)**	49,747

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)

(c) Deconsolidation of a subsidiary

For the year ended 31 December 2013

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

Due to the deconsolidation of a subsidiary of the Outdoor Media Group in 2013, the net asset value of the subsidiary and the amount due from that subsidiary were written off.

(d) Analysis of changes in financing during the year

	2014 HK$'000	2013 HK$'000
Bank loans		
At 1 January	2,320,757	2,215,958
New bank loans	771,852	2,361,516
Loan repayments	(604,307)	(2,245,671)
	167,545	115,845
Exchange adjustment	(17,586)	(11,046)
At 31 December	2,470,716	2,320,757

37 Pledge of assets

Save as disclosed in note 25, the Group had no pledge of assets as at 31 December 2014 (2013: Nil).

38 Commitments

(a) Capital commitments

Save as disclosed in note (b) below, the Group's maximum capital commitments as at 31 December 2014 are as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Capital injection for an investment		
– Contracted but not provided for	**7,500**	7,680
Acquisition of fixed assets and other intangible assets		
– Authorised but not contracted for	**73,203**	90,350
	80,703	98,030

(b) Commitments under operating leases

At 31 December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2014		2013	
	Land and buildings	**Other assets**	Land and buildings	Other assets
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
No later than one year	**41,650**	**53,721**	53,169	64,017
Later than one year and no later than five years	**37,630**	**83,992**	81,573	101,940
Later than five years	**–**	**12,557**	–	15,253
	79,280	**150,270**	134,742	181,210

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 2014 HK$'000	Group 2013 HK$'000
Sales to		
– HWL and its subsidiaries, associated companies and joint ventures	**80,610**	31,549
– Non-controlling interests of subsidiaries and their subsidiaries	**127**	7,848
– a joint venture	**–**	22,827
– associated companies	**1,918**	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 2014 HK$'000	Group 2013 HK$'000
Purchase of services payable to		
– non-controlling interests of subsidiaries and their subsidiaries	**13,999**	15,855
Rental payable to		
– a subsidiary of CKH	**14,725**	13,191
– non-controlling interests of subsidiaries and their subsidiaries	**1,145**	1,385
Service fees payable to		
– HWL and its subsidiaries	**4,290**	3,865
Interest expenses payable to non-controlling interests of a subsidiary	**1,897**	1,892

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 (2013: Same). During the year, guarantee fee amounted to approximately HK$10,683,000 was paid by the Company (2013: HK$9,492,000) 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

In January 2015, the Group, through its non-wholly owned subsidiary, completed a share subscription of US$2 million in Rubikloud Technologies Inc., a Canadian based company specialising in retail intelligence for an approximately 7% equity interests on a fully diluted basis.

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

41 Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 24 February 2015.

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	tom.com enterprises Limited	British Virgin Islands ("BVI"), limited liability company	Holding of the domain name of www.tom.com	1 ordinary share of US$1 each	100%
	TOM Group International Limited	Hong Kong, limited liability company	Management of strategic investments of the Group in Greater China	Ordinary shares HK$10	100%
	E-Commerce Group				
	Shanghai Eachnet Network Technology Services Co. Ltd.	Mainland China, limited liability company	Operation of a mobile and Internet-based C2C marketplace in Mainland China	Registered capital US$35,263,334	90.002%
#	Shanghai Ule Network Technology Co., Ltd.	Mainland China, limited liability company	Owning and operating a mobile and Internet-based e-marketplace in Mainland China	Registered capital US$50,165,000	37.80%
	TOM E-Commerce Limited	BVI, limited liability company	Investment holding in Mainland China	1 ordinary share of US$1 each	90.002%
#	Ule Holdings Limited	BVI, limited liability company	Investment holding	1,012,048 ordinary shares of US$0.01 each	37.80%
#	Ule International Co., Limited	Hong Kong, limited liability company	Investment holding and owning and operating a website of www.ule.com.hk	Ordinary shares HK$2	37.80%
#	China Post (Auhui) Network Technology Co., Ltd.	Mainland China, limited liability company	Owning and operating a website of www.ulenp.com	Registered capital RMB15,000,000	37.80%

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

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	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	Ordinary shares HK$4,200,000	69.07%
	Cite (Malaysia) SDN. BHD.	Malaysia, limited liability company	Publishing and distribution of books and magazines in Malaysia	400,000 ordinary shares of RM1 each	73.14%
	Cité Publishing Holding Limited	BVI, limited liability company	Investment holding in Taiwan	4,979,402 ordinary shares of US$0.01 each	82.89%
	Cité Publishing Limited	Taiwan, limited liability company	Publishing of books and magazines in Taiwan	74,333,959 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	Ordinary shares HK$2	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	3,009,880 ordinary shares of NT$10 each	82.03%
#	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%

Principal Subsidiaries and Associated Companies

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

	Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and fully paid up share capital/ registered capital	Effective interest held
	Television and Entertainment Group				
@	Guangdong Yangcheng Advertising Company Limited	Mainland China, limited liability company	Advertising services, event management and media buying business in Mainland China	Registered capital RMB5,000,000	80%
	China Entertainment Television Broadcast Limited	Hong Kong, limited liability company	Operation of satellite television channel and provision of content and television programmes to various platforms including satellite television and syndication network	Ordinary shares HK$38,155,518	80.97%
	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	80.97%
@	Shenzhen Sheng Shi Jia Hua Television Cultural Transmission Company Limited	Mainland China, limited liability company	Television programmes production and related services and programme syndication	Registered capital RMB3,000,000	100%
	YCP Advertising Limited	Hong Kong, limited liability company	Advertising services, event management and media buying business in Mainland China and Hong Kong	Ordinary shares HK$10	80%

\# Associated company
@ The equity interest is held by individual nominees on behalf of the Group

The above table lists the principal subsidiaries and associated companies of the Group as at 31 December 2014 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 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 and associated companies are held indirectly.

Definitions

“Associates”	has the meaning ascribed to it in the Listing Rules
“Board”	means the board of Directors
“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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