



2016

INTERIM
REPORT

TOM Group Limited

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

Contents

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

Definitions

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

Definitions

“HWL”	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares ceased to be listed on the Stock Exchange on 3 June 2015
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means the main board of the Stock Exchange
“Mainland” or “PRC”	means The People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“Model Code”	means Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Rubikloud”	means Rubikloud Technologies Inc., a corporation incorporated in Canada
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Ule” or “Ule Group”	means Ule Holdings Limited and its subsidiaries
“WeLab”	means WeLab Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability

Corporate Information

Board of Directors

Chairman

Frank John Sixt

Executive Directors

Yeung Kwok Mung

Mak Soek Fun, Angela

Non-executive Directors

Chang Pui Vee, Debbie

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

Rooms 1601-05, 16/F

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

Tel: (852) 2121 7838

Fax: (852) 2186 7711

Principal Share Registrar

Maples Corporate Services Limited

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Branch Share Registrar

Computershare Hong Kong

Investor Services Limited

Rooms 1712–1716, 17/F.

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Principal Bankers

The Hongkong and Shanghai

Banking Corporation Limited

Industrial and Commercial Bank

of China (Asia) Limited

Bank of China (Hong Kong) Limited

DBS Bank Ltd., Hong Kong Branch

Citibank, N.A., Hong Kong Branch

United Overseas Bank Limited

Website Address

www.tomgroup.com

Stock Code

2383

* Mrs. Chow Woo Mo Fong, Susan has retired and was replaced by Mr. Lai Kai Ming, Dominic as alternate to Mr. Frank John Sixt on 1 August 2016

Chairman's Statement

For the six months to 30 June 2016, the Group focused on realigning its cost structure to match strategic priorities in e-commerce, "fintech" and big data analytics sectors. The Group reported revenue of HK\$515 million against operating expenses reduced by 18% from the previous year. Operating loss, including share of loss from associates, narrowed by 6% year-on-year to HK\$96 million. Loss attributable to shareholders was HK\$129 million.

Ule (www.ule.com), a joint venture with China Post, continued to benefit from the Mainland government's policies directed towards boosting rural income and stimulating rural consumption. During the review period, Ule maintained its growth momentum with GMV reaching RMB28.2 billion, a 327% year-on-year growth, achieved last year's full year GMV in six months. More than 190,000 of China Post's branded franchised stores in rural China have joined Ule's e-commerce platform.

In 2016, Ule launched multiple initiatives to drive revenue. These initiatives are directed towards meeting the daily needs of rural villagers and creating opportunities for brand owners to reach rural customers via Ule's unique offline-to-online/mobile platform.

The Publishing Group reported revenue of HK\$409 million and increased segment profit by 59% to HK\$44 million principally due to effective cost savings and the strong growth in its digital business.

The weak advertising market in Mainland China adversely affected the traditional media businesses. The Outdoor Media Group reported revenue of HK\$44 million and segment loss was HK\$13 million. The Television and Entertainment Group reported revenue of HK\$45 million with segment loss narrowed to HK\$15 million.

The Mobile Internet Group supports and creates synergies with the Group's strategic investments. During the review period, the Mobile Internet Group reported revenue of HK\$14 million and segment loss narrowed to HK\$12 million.

Going forward, TOM Group will continue to streamline its cost with prudent financial and operating discipline and focus on the continuing growth of Ule in the second half of 2016.

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, 4 August 2016

Management's Discussion and Analysis

Financial Highlights

	For the six months ended	
	30 June 2016	30 June 2015
	HK\$'000	HK\$'000
Consolidated revenue	514,572	641,825
Loss ⁽¹⁾ before disposal gains ⁽²⁾	(95,865)	(101,551)
Disposal gains ⁽²⁾	–	56,460
Loss attributable to equity holders of the Company	(129,067)	(77,749)
Loss per share (HK cents)	(3.32)	(2.00)

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

⁽²⁾ 2015: Gain on disposal of an investment accounted for using equity method (HK\$50,147,000) and an available-for-sale financial asset (HK\$6,313,000) of the Publishing Group

6

Business Review

During the reporting period, the Group focused its resources on strategic investments in the technology-centric and high growth e-commerce, "fintech", big data analytics and social insurance sectors, tapping the fast growing opportunities arising from the Mainland government's "rural integrated development" strategy and attained remarkable achievements. Meanwhile, the Group continued to optimise its business portfolio and rationalise its cost structure, making improvements on the Group's operating results. Gross margin expanded 3 percentage points year-on-year to 38%. Operating expenses were reduced by 18% from the same period last year.

E-Commerce: launch myriad of services and continue rapid rollout of outlets

During the review period, Ule maintained rapid growth momentum in its rural e-commerce business and delivered stellar performance. Ule rural e-commerce platform currently has covered more than 190,000 rural outlets, which jumped 90% from the end of last year. GMV jumped 327% year-on-year to RMB28.2 billion and achieved last year's full year GMV in six months. The tremendous scale of Ule's nation-wide rural outlet network as well as its fast growing transaction volume in rural villages have laid a solid foundation for Ule to generate value for its partners and shareholders.

Management's Discussion and Analysis

Leveraging on big data intelligence and China Post's logistics resources, Ule revamped rural supply chain, saving delivery time, marketing and logistics costs and mitigating inventory risks for both brand suppliers and rural outlet owners. The data driven rural supply chain streamlines the role of various stakeholders in the rural supply chain, creating value for brand owners, rural outlets and consumers. By leveraging the revamped rural supply chain, Ule's extensive rural outlet and logistics network created a direct route for farmers to sell their produces back to urban area, helping farmers to increase their income.

In overcoming the limitations of limited floor space and SKUs (stock keeping units) for offline physical store, Ule expanded the store SKU by offering store owner the ability to order a wide range of consumers durables via Ule online marketplace for sale to their customers. This online concierge service is further enhanced by customer loyalty programme and mobile marketing tools offered by Ule platform to the store owners. Majority of the stores have now participated in the online concierge services.

Ule's unique rural e-commerce model of combining offline outlets with online capabilities, integrating the selling of manufactured products to rural with the selling back of agricultural produce to urban has invigorated and modernised the rural economies, thus winning endorsement from several local governments. Going forward, Ule will continue to rapidly roll out outlets in the rural villages and simultaneously launch more value-added services to bridge the gap between rural and urban areas of China, creating value for consumers, outlet shop owners, merchants and suppliers, and investors.

Strategic investments: rapid growth and synergies with the Group

During the review period, **the Mobile Internet Group** continues to play a key role as a technology landing platform and hub for advanced technologies and services introduced to China, creating synergies among the Group's existing businesses and investments.

The Group invested in WeLab, a Hong Kong-based online consumer finance company, in 2014. Currently, WeLab has 6 million members and US\$4 billion in loan applications. Loan volume jumped 4 times year-on-year in Hong Kong and more than doubled on a quarter-on-quarter basis in Mainland China. During the reporting period, WeLab worked closely with Ule on the debut of the loan services to Ule's rural outlet owners to support their business growth. Driven by its proprietary WeDefend risk management technology, WeLab reported zero percentage of fraud loss in Hong Kong and China.

In 2015, the Group invested in Rubikloud, a Canadian-based company specialising in retail intelligence. Rubikloud and Ule have partnered to bring valuable real-time big data analytics and intelligence to brand owners and personalised product recommendation to Ule's buyers during the review period.

In February 2016, the Group and Ule severally invested in German-based peer-to-peer insurance platform Friendsurance. Going forward, the Group will work closely with its strategic partner to bring social insurance service to China.

Management's Discussion and Analysis

Digital publishing: steady growth

The digital business of the **Publishing Group** recorded an accelerating growth during the review period. Digital revenue grew 26% year-on-year, and accounted for 16% of the overall publishing revenue, up from 12% a year earlier. Social media portal Pixnet, Taiwan's most popular website, achieved 77% year-on-year revenue growth as its unique visitors increased 29% from a year earlier. Meanwhile, the traditional publishing business maintained its market leading position in Taiwan and showed resilience amid tough operating environment during the review period. The Publishing Group's overall revenue was HK\$409 million and segment profit increased by 59% from a year earlier to HK\$44 million on improved gross margin and effective cost savings.

Traditional media: continued rationalisation under tough operating environment

The sluggish economy has adversely impacted advertisers' spending in China. During the review period, the **Outdoor Media Group**'s revenue was HK\$44 million and segment loss amounted to HK\$13 million. The **Television and Entertainment Group** continued to operate under a tough regulatory environment and reported revenue of HK\$45 million. Segment loss narrowed by 15% to HK\$15 million with focus on operating efficiency.

For the six months ended 30 June 2016, the Group's revenue was HK\$515 million. Including share of loss from associates amounted to HK\$70 million, the Group's operating loss was HK\$96 million, narrowed by 6% from a year earlier. Loss attributable to shareholders was HK\$129 million.

Liquidity and Financial Resources

As at 30 June 2016, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$439 million. A total of HK\$3,444 million financing facilities were available, of which HK\$2,657 million had been utilised as at 30 June 2016, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK\$2,657 million as at 30 June 2016, of which HK\$2,460 million and HK\$197 million equivalent is denominated in Hong Kong dollar and New Taiwan dollar respectively. This included long-term bank loans of approximately HK\$2,562 million (including portion repayable within one year) and short-term bank loans of approximately HK\$95 million. All bank loans bore floating interest rates. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 96% as at 30 June 2016, compared to 91% as at 31 December 2015.

As at 30 June 2016, the Group had net current assets of approximately HK\$415 million, 4% higher than balance of approximately HK\$399 million as at 31 December 2015. As at 30 June 2016, the current ratio (Current assets/Current liabilities) of TOM Group was 1.56, higher than 1.50 as at 31 December 2015.

Management's Discussion and Analysis

For the first six months of 2016, net cash used in operating activities amounted to HK\$29 million, 46% lower than HK\$53 million in the same period of 2015. Net cash used in investing activities was HK\$57 million, mainly included capital expenditures of HK\$57 million and a share subscription in an available-for-sale investment of HK\$17 million; partially offset by recovery of a receivable previously written off of HK\$11 million, disposal of a former subsidiary of HK\$3 million and dividends received of HK\$3 million.

Charges on Group Assets

As at 30 June 2016, the Group had restricted cash amounting to HK\$7 million, being bank deposits mainly pledged in Taiwan in favour of certain publishing distributors as retainer fee for potential sales return, and banks as security for credit card and advance receipt, and quality assurance for government projects, and the courts for legal proceedings in Mainland China.

Contingent Liabilities

As at 30 June 2016, the Group had no significant contingent liabilities.

Subsequent Events

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

Foreign Exchange Exposure

The Group's operations principally locate in Mainland China and Taiwan, with transactions and related working capital denominated in Renminbi and New Taiwan dollar respectively. In general, it is the Group's policy for each operating entity to borrow in their local currencies, where necessary, to minimise currency risk. Overall, the Group is not exposed to significant foreign exchange risk; however, the Group will monitor this risk on an ongoing basis.

Employee Information

As at 30 June 2016, TOM Group had approximately 1,630 full-time employees. For the first six months of the year, employee costs, including Directors' emoluments, totalled HK\$185 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2015.

Management's Discussion and Analysis

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this 2016 Interim Report are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this 2016 Interim Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this 2016 Interim Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as profit/(loss) before net finance costs and taxation including share of results of investments accounted for using the equity method and segment profit/(loss) excluding gain on disposal of long-term investments, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported certain non-GAAP results to investors, it is considered the inclusion of non-GAAP measures provides consistency in the Group's financial reporting.

Independent Review Report



羅兵咸永道

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

Introduction

We have reviewed the interim financial information set out on pages 12 to 37, which comprises the condensed consolidated interim statement of financial position of TOM Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related condensed consolidated interim income statement, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

11

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 4 August 2016

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Interim Financial Information

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2016

		Unaudited Six months ended 30 June	
	Note	2016 HK\$'000	2015 HK\$'000
Revenue	5	514,572	641,825
Cost of sales		(319,114)	(420,458)
Selling and marketing expenses		(75,494)	(92,764)
Administrative expenses		(55,448)	(72,928)
Other operating expenses		(91,984)	(107,026)
Other gains, net		1,941	1,251
		(25,527)	(50,100)
Gain on disposal of long-term investments	6	–	56,460
		(25,527)	6,360
Share of profits less losses of investments accounted for using the equity method	15	(70,338)	(51,451)
Loss before net finance costs and taxation	7	(95,865)	(45,091)
Finance income	8	1,944	3,431
Finance costs	8	(28,458)	(35,534)
Finance costs, net	8	(26,514)	(32,103)
Loss before taxation		(122,379)	(77,194)
Taxation	9	(11,520)	(9,314)
Loss for the period		(133,899)	(86,508)
Attributable to:			
– Non-controlling interests		(4,832)	(8,759)
– Equity holders of the Company		(129,067)	(77,749)
Loss per share attributable to equity holders of the Company during the period			
Basic and diluted	11	HK(3.32) cents	HK(2.00) cents

Interim Financial Information

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Loss for the period	(133,899)	(86,508)
Items that may be subsequently reclassified to income statement:		
Gain previously in exchange reserve related to an associated company disposed during the period recognised in income statement	–	(13,514)
Exchange translation differences	(14,868)	1,137
Other comprehensive expense for the period, net of tax	(14,868)	(12,377)
Total comprehensive expense for the period	(148,767)	(98,885)
Total comprehensive expense for the period attributable to:		
– Non-controlling interests	(4,992)	(5,799)
– Equity holders of the Company	(143,775)	(93,086)

Interim Financial Information

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2016

	Note	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	12	83,204	97,465
Goodwill	13	640,008	641,612
Other intangible assets	14	77,672	75,087
Investments accounted for using the equity method	15	1,303,735	1,372,311
Available-for-sale financial assets		81,612	66,480
Advance to an investee company		2,191	2,191
Deferred tax assets		37,559	35,678
Other non-current assets		12,623	14,717
		<u>2,238,604</u>	<u>2,305,541</u>
Current assets			
Inventories		105,229	106,316
Trade and other receivables	16	610,827	620,605
Restricted cash	17	6,843	7,669
Cash and cash equivalents		438,912	466,728
		<u>1,161,811</u>	<u>1,201,318</u>
Current liabilities			
Trade and other payables	18	560,312	619,415
Taxation payable		36,423	33,310
Long-term bank loans – current portion	19	54,241	51,133
Short-term bank loans	19	95,481	98,884
		<u>746,457</u>	<u>802,742</u>
Net current assets		<u>415,354</u>	<u>398,576</u>
Total assets less current liabilities		<u>2,653,958</u>	<u>2,704,117</u>

Interim Financial Information

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2016

	Note	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Non-current liabilities			
Deferred tax liabilities		11,357	8,318
Long-term bank loans – non-current portion	19	2,507,461	2,420,293
Pension obligations		35,528	34,843
		<u>2,554,346</u>	<u>2,463,454</u>
Net assets		<u>99,612</u>	<u>240,663</u>
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	20	389,328	389,328
Deficits		(668,432)	(530,753)
Own shares held		(6,244)	(6,244)
		<u>(285,348)</u>	<u>(147,669)</u>
Non-controlling interests		384,960	388,332
Total equity		<u>99,612</u>	<u>240,663</u>

15

Condensed Consolidated Interim Statement of Changes In Equity

For the six months ended 30 June 2016

	Unaudited												
	Attributable to equity holders of the Company												
	Share capital	Own shares	Share premium	Capital reserve	Capital redemption reserve	General reserve	Available-for-sale financial assets reserve	Exchange reserve	Other reserve	Accumulated losses	Total shareholders' deficits	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	HK\$'000
Balance at 1 January 2016	389,328	(6,244)	3,625,981	(124,596)	776	155,774	11,017	737,064	-	(4,936,769)	(147,669)	388,332	240,663
Comprehensive income:													
Loss for the period	-	-	-	-	-	-	-	-	-	(129,067)	(129,067)	(4,832)	(133,899)
Other comprehensive income:													
Exchange translation differences	-	-	-	-	-	-	-	(14,708)	-	-	(14,708)	(160)	(14,868)
Total comprehensive expense for the period ended 30 June 2016	-	-	-	-	-	-	-	(14,708)	-	(129,067)	(143,775)	(4,992)	(148,767)
Share of other reserve of an investment accounted for using the equity method	-	-	-	-	-	-	-	-	6,096	-	6,096	677	6,773
Transactions with equity holders: Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	943	943
Balance at 30 June 2016	389,328	(6,244)	3,625,981	(124,596)	776	155,774	11,017	722,356	6,096	(5,065,836)	(285,348)	384,960	99,612

Interim Financial Information

Condensed Consolidated Interim Statement of Changes In Equity

For the six months ended 30 June 2016

	Unaudited Attributable to equity holders of the Company											
	Share capital HK\$'000	Own shares held HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Available-for-sale financial assets reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total shareholders' funds HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2015	389,328	(6,244)	3,625,981	(11,186)	776	152,423	11,017	780,237	(4,716,866)	225,466	305,535	531,001
Comprehensive income:												
Loss for the period	-	-	-	-	-	-	-	-	(77,749)	(77,749)	(8,759)	(86,508)
Other comprehensive income:												
Gain previously in exchange reserve related to an associated company disposed during the period recognised in income statement	-	-	-	-	-	-	-	(13,514)	-	(13,514)	-	(13,514)
Exchange translation differences	-	-	-	-	-	-	-	(1,823)	-	(1,823)	2,960	1,137
Total comprehensive expense for the period ended 30 June 2015	-	-	-	-	-	-	-	(15,337)	(77,749)	(93,086)	(5,799)	(98,885)
Transactions with equity holders:												
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,289)	(4,289)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	941	941
Acquisition of additional interests in a subsidiary	-	-	-	9	-	-	-	-	-	9	(392)	(383)
Dilution of non-controlling interests upon capital injection in a subsidiary	-	-	-	(113,419)	-	-	-	-	-	(113,419)	113,419	-
Transactions with equity holders	-	-	-	(113,410)	-	-	-	-	-	(113,410)	109,679	(3,731)
Balance at 30 June 2015	389,328	(6,244)	3,625,981	(124,596)	776	152,423	11,017	764,900	(4,794,615)	18,970	409,415	428,385

Interim Financial Information

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2016

	Note	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities			
Net cash outflow from operations		(6,443)	(22,029)
Interest paid		(16,016)	(22,767)
Overseas taxation paid		(6,202)	(8,455)
Net cash used in operating activities		(28,661)	(53,251)
Cash flows from investing activities			
Capital expenditures		(56,785)	(66,599)
Acquisition of additional interests in a subsidiary		–	(383)
Proceeds from disposal of fixed assets		131	2,531
Recovery of a receivable previously written off		10,844	–
Disposal of a former subsidiary		3,361	–
Capital investment in an available-for-sale financial asset		(17,040)	(15,600)
Dividends received		2,982	2,887
Net cash used in investing activities		(56,507)	(77,164)
Cash flows from financing activities			
New bank loans	19	793,152	150,120
Loan repayments	19	(709,290)	(83,467)
Loan arrangement fee paid		(22,855)	(5,742)
Dividends paid to non-controlling interests		–	(4,289)
Decrease/(increase) in restricted cash	17	826	(145)
Net cash from financing activities		61,833	56,477
Decrease in cash and cash equivalents		(23,335)	(73,938)
Cash and cash equivalents at 1 January		466,728	535,505
Exchange adjustment		(4,481)	2,282
Cash and cash equivalents at 30 June		438,912	463,849

Notes to the Condensed Consolidated Interim Financial Information

1 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of the Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2 Accounting policies

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in 2015 annual financial statements, except for the adoption of amendments to standards which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2016.

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

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

3 Critical accounting estimates and judgements

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

Notes to the Condensed Consolidated Interim Financial Information

4 Financial risk management

(a) Financial risk factors

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

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

There have been no changes in the risk management policies since the year ended 31 December 2015.

(b) Fair value estimation

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

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

Notes to the Condensed Consolidated Interim Financial Information

4 Financial risk management (Continued)

(b) Fair value estimation (Continued)

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

	Level 1 HK\$'000
<u>As at 30 June 2016 (Unaudited)</u>	
Assets	
Available-for-sale financial assets – Equity securities	14,879
Total assets	14,879
Total liabilities	–
<u>As at 31 December 2015 (Audited)</u>	
Assets	
Available-for-sale financial assets – Equity securities	14,879
Total assets	14,879
Total liabilities	–

Notes to the Condensed Consolidated Interim Financial Information

5 Segment information

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 e-commerce operations.
- 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.

Notes to the Condensed Consolidated Interim Financial Information

5 Segment information (Continued)

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

	Unaudited Six months ended 30 June 2016					Total HK\$'000
	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	
Gross segment revenue	2,610	14,384	409,475	43,602	44,681	514,752
Inter-segment revenue	-	-	-	-	(180)	(180)
Net revenue from external customers	2,610	14,384	409,475	43,602	44,501	514,572
Segment profit/(loss) before amortisation and depreciation	(2,516)	(10,796)	99,129	(3,853)	(13,267)	68,697
Amortisation and depreciation	-	(1,025)	(54,946)	(8,829)	(1,921)	(66,721)
Segment profit/(loss)	(2,516)	(11,821)	44,183	(12,682)	(15,188)	1,976
Other material item: Share of profits less losses of investments accounted for using the equity method	(70,030)	63	(371)	-	-	(70,338)
Finance costs:						
Finance income (note a)	1	1,366	2,801	291	61	4,520
Finance expenses (note a)	-	-	(1,674)	-	(10,505)	(12,179)
	1	1,366	1,127	291	(10,444)	(7,659)
Segment profit/(loss) before taxation	(72,545)	(10,392)	44,939	(12,391)	(25,632)	(76,021)
Unallocated corporate expenses						(46,358)
Loss before taxation						(122,379)
Expenditure for operating segment non-current assets	-	85	56,082	82	536	56,785
Unallocated expenditure for non-current assets						-
Total expenditure for non-current assets						56,785

Note (a): Inter-segment interest income and inter-segment interest expenses amounted to HK\$2,622,000 and HK\$9,562,000 were included in the finance income and finance expenses respectively.

Notes to the Condensed Consolidated Interim Financial Information

5 Segment information (Continued)

The segment results for the six months ended 30 June 2015 are as follows:

	Unaudited Six months ended 30 June 2015					Total HK\$'000
	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	
Gross segment revenue	7,607	22,510	454,427	84,238	73,172	641,954
Inter-segment revenue	-	-	-	-	(129)	(129)
Net revenue from external customers	7,607	22,510	454,427	84,238	73,043	641,825
Segment profit/(loss) before amortisation and depreciation	4,696	(15,474)	86,443	22	(14,357)	61,330
Amortisation and depreciation	-	(2,537)	(58,723)	(10,666)	(3,549)	(75,475)
Segment profit/(loss)	4,696	(18,011)	27,720	(10,644)	(17,906)	(14,145)
Other material items:						
Gain on disposal of long-term investments	-	-	56,460	-	-	56,460
Share of profits less losses of investments accounted for using the equity method	(50,756)	191	(886)	-	-	(51,451)
	(50,756)	191	55,574	-	-	5,009
Finance costs:						
Finance income	4	2,676	193	504	54	3,431
Finance expenses (note a)	-	-	(2,254)	-	(10,064)	(12,318)
	4	2,676	(2,061)	504	(10,010)	(8,887)
Segment profit/(loss) before taxation	(46,056)	(15,144)	81,233	(10,140)	(27,916)	(18,023)
Unallocated corporate expenses						(59,171)
Loss before taxation						(77,194)
Expenditure for operating segment non-current assets	-	2,065	52,432	3,183	3,177	60,857
Unallocated expenditure for non-current assets						5,742
Total expenditure for non-current assets						66,599

Note (a): Inter-segment interest expense amounted to HK\$9,123,000 was included in the finance expenses.

Notes to the Condensed Consolidated Interim Financial Information

5 Segment information (Continued)

The segment assets and liabilities at 30 June 2016 are as follows:

	Unaudited As at 30 June 2016					Total HK\$'000
	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	
Segment assets	104,993	432,910	1,137,402	224,319	133,025	2,032,649
Investments accounted for using the equity method	1,297,537	3,999	2,199	-	-	1,303,735
Unallocated assets						64,031
Total assets						3,400,415
Segment liabilities	25,215	79,627	296,905	76,182	32,718	510,647
Unallocated liabilities:						
Corporate liabilities						85,193
Current taxation						36,423
Deferred taxation						11,357
Borrowings						2,657,183
Total liabilities						3,300,803

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

	Audited As at 31 December 2015					Total HK\$'000
	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	
Segment assets	107,142	450,190	1,146,335	254,064	126,923	2,084,654
Investments accounted for using the equity method	1,363,776	3,994	4,541	-	-	1,372,311
Unallocated assets						49,894
Total assets						3,506,859
Segment liabilities	25,754	80,379	330,388	84,314	33,455	554,290
Unallocated liabilities:						
Corporate liabilities						99,968
Current taxation						33,310
Deferred taxation						8,318
Borrowings						2,570,310
Total liabilities						3,266,196

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

Notes to the Condensed Consolidated Interim Financial Information

6 Gain on disposal of long-term investments

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Gain on disposal of investments accounted for using the equity method	–	50,147
Gain on disposal of an available-for-sale financial asset	–	6,313
	<u>–</u>	<u>56,460</u>

Note:

In May 2015, a subsidiary of the Publishing Group entered into an agreement to dispose its entire interests in China Popular Computer Week Management Company Limited (“PCW”), an associated company, and Chongqing Zhongkepu Media Development Joint Stock Company Limited (“ZKP”), an available-for-sale financial asset, at consideration of approximately RMB14,354,000 (approximately HK\$17,943,000) and approximately RMB6,451,000 (approximately HK\$8,063,000) respectively, totalling approximately RMB20,805,000 (approximately HK\$26,006,000). Upon the disposal of equity interests in PCW and ZKP, a consideration payable of RMB30,000,000 (approximately HK\$37,500,000) was written back. As a result, gains on disposal of PCW amounting to approximately HK\$50,147,000 (includes the write-back of consideration payable) and of ZKP of approximately HK\$6,313,000 were recognised in the condensed consolidated interim income statement.

Notes to the Condensed Consolidated Interim Financial Information

7 Loss before net finance costs and taxation

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

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Charging:		
Depreciation of fixed assets (note 12)	18,809	22,867
Amortisation of other intangible assets (note 14)	49,000	53,070
Loss on disposal of fixed assets	329	–
Provision for impairment of an available-for-sale financial asset	574	–
Exchange loss, net	991	964
	<hr/>	<hr/>
Crediting:		
Dividend income from available-for-sale financial assets	474	387
Gain on disposal of a former subsidiary (note)	3,361	–
Gain on disposal of fixed assets	–	1,828
	<hr/>	<hr/>

Note:

In January 2016, the Group completed the disposal of its entire equity interest in a former subsidiary (deconsolidated in 2013) engaging in outdoor media business at a consideration of RMB3,060,000 (approximately HK\$3,611,000).

Notes to the Condensed Consolidated Interim Financial Information

8 Finance costs, net

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	27,515	34,593
Interest on other loans	943	941
	<u>28,458</u>	<u>35,534</u>
Less: Bank interest income	(1,944)	(3,431)
	<u>26,514</u>	<u>32,103</u>

9 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Overseas taxation	9,106	8,415
Under-provision in prior years	706	178
Deferred taxation	1,708	721
	<u>11,520</u>	<u>9,314</u>

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

Notes to the Condensed Consolidated Interim Financial Information

10 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2016 (2015: Nil).

11 Loss per share

(a) Basic

The calculation of basic loss per share is based on consolidated loss attributable to the equity holders of the Company of HK\$129,067,000 (2015: HK\$77,749,000) and the weighted average of 3,893,270,558 (2015: 3,893,270,558) ordinary shares in issue during the period.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the period ended 30 June 2016 (2015: Same).

12 Fixed assets

During the period, major fixed assets acquired by the Group were computer equipment amounting to HK\$4,569,000.

	<i>HK\$'000</i>
Net book value	
At 1 January 2015	122,337
Additions	18,073
Disposals	(703)
Depreciation charge	(22,867)
Exchange adjustment	11
At 30 June 2015 (unaudited)	<u>116,851</u>
Net book value	
At 1 January 2016	97,465
Additions	5,765
Disposals	(460)
Depreciation charge	(18,809)
Exchange adjustment	(757)
At 30 June 2016 (unaudited)	<u>83,204</u>

Notes to the Condensed Consolidated Interim Financial Information

13 Goodwill

	<i>HK\$'000</i>
Net book value	
At 1 January 2015	644,778
Exchange adjustment	148
	<u>644,926</u>
At 30 June 2015 (unaudited)	<u>644,926</u>
Net book value	
At 1 January 2016	641,612
Exchange adjustment	(1,604)
	<u>640,008</u>
At 30 June 2016 (unaudited)	<u>640,008</u>

14 Other intangible assets

30

	Concession rights <i>HK\$'000</i>	Publishing rights <i>HK\$'000</i>	Programme and film rights <i>HK\$'000</i>	Trademarks and domain names <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book value					
At 1 January 2015	6,101	72,349	2,097	582	81,129
Additions	–	45,937	2,589	–	48,526
Amortisation charge	(534)	(50,487)	(2,010)	(39)	(53,070)
Exchange adjustment	(22)	1,235	–	12	1,225
	<u>5,545</u>	<u>69,034</u>	<u>2,676</u>	<u>555</u>	<u>77,810</u>
At 30 June 2015 (unaudited)	<u>5,545</u>	<u>69,034</u>	<u>2,676</u>	<u>555</u>	<u>77,810</u>
Net book value					
At 1 January 2016	4,809	68,796	996	486	75,087
Additions	–	50,491	529	–	51,020
Amortisation charge	(509)	(47,772)	(682)	(37)	(49,000)
Exchange adjustment	(103)	662	–	6	565
	<u>4,197</u>	<u>72,177</u>	<u>843</u>	<u>455</u>	<u>77,672</u>
At 30 June 2016 (unaudited)	<u>4,197</u>	<u>72,177</u>	<u>843</u>	<u>455</u>	<u>77,672</u>

Notes to the Condensed Consolidated Interim Financial Information

15 Investments accounted for using the equity method

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

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Associated companies	<u>1,303,735</u>	<u>1,372,311</u>

The amounts recognised in the condensed consolidated interim income statement are as follows:

	Unaudited Six months ended 30 June 2016 HK\$'000	2015 HK\$'000
Associated companies	<u>(70,338)</u>	<u>(51,451)</u>

Interests in associated companies

Movement in interests in associated companies during the period:

	Unaudited Six months ended 30 June 2016 HK\$'000	2015 HK\$'000
At 1 January	1,372,311	1,520,101
Carrying value of interest in an associated company disposed of (note 6)	–	(18,357)
Share of profits less losses	(70,338)	(51,451)
Share of other reserve of an associated company	6,773	–
Dividend paid	(2,508)	(2,500)
Advance to an associated company	473	–
Exchange adjustment	(2,976)	(23)
At 30 June (unaudited)	<u>1,303,735</u>	<u>1,447,770</u>

Notes to the Condensed Consolidated Interim Financial Information

15 Investments accounted for using the equity method (Continued)

Note:

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

In June 2016, the Deed was signed by Ule Holdings, the Ule Major Shareholder and remaining shareholders of Ule Holdings, under which it is mutually agreed that Ule Holdings granted Ule Major Shareholder Options to the Ule Major Shareholder for its contributions to Ule’s business over the past years. The Ule Major Shareholder Options granted to the Ule Major Shareholder are only exercisable upon the completion of a qualified initial public offering (“Qualified IPO”) of Ule Holdings. The exercise price of each Ule Major Shareholder Option is at the par value of each share on the exercise date. The Deed will be terminated if the Qualified IPO of Ule Holdings is not completed within 10 years from the date of the Deed. As at 30 June 2016, Ule Major Shareholder Options is not yet exercisable as the Qualified IPO has not occurred. During the period ended 30 June 2016, Ule Holdings recognised the share-based compensation expense in relation to the Ule Major Shareholder Options of approximately RMB13,784,000. The Group’s share of this expense amounted to approximately HK\$6,773,000.

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

Notes to the Condensed Consolidated Interim Financial Information

16 Trade and other receivables

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Trade receivables	293,021	300,016
Prepayments, deposits and other receivables	317,806	320,589
	<u>610,827</u>	<u>620,605</u>

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 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.

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

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Current	73,249	90,403
31-60 days	84,304	65,643
61-90 days	45,466	41,788
Over 90 days	154,541	168,263
	<u>357,560</u>	<u>366,097</u>
Less: Provision for impairment	(64,539)	(66,081)
	<u>293,021</u>	<u>300,016</u>
Represented by:		
Receivables from related companies	50	50
Receivables from third parties	292,971	299,966
	<u>293,021</u>	<u>300,016</u>

Notes to the Condensed Consolidated Interim Financial Information

17 Restricted cash

As at 30 June 2016, NT\$22,707,000 (approximately HK\$5,434,000) (31 December 2015: NT\$17,885,000 or approximately HK\$4,221,000) was pledged in Taiwan in favour of certain publishing distributors as retainer fee for potential sales return, and banks as security for credit card and advance receipt, and quality assurance for government projects, and RMB1,204,000 (approximately HK\$1,409,000) (31 December 2015: RMB2,873,000 or approximately HK\$3,448,000) was pledged in favour of the courts for legal proceedings in Mainland China.

18 Trade and other payables

	Unaudited 30 June 2016 <i>HK\$'000</i>	Audited 31 December 2015 <i>HK\$'000</i>
Trade payables	117,376	121,424
Other payables and accruals	442,936	497,991
	<u>560,312</u>	<u>619,415</u>

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

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

	Unaudited 30 June 2016 <i>HK\$'000</i>	Audited 31 December 2015 <i>HK\$'000</i>
Current	37,253	38,203
31-60 days	16,265	17,820
61-90 days	5,083	8,316
Over 90 days	58,775	57,085
	<u>117,376</u>	<u>121,424</u>
Represented by: Payables to third parties	<u>117,376</u>	<u>121,424</u>

Notes to the Condensed Consolidated Interim Financial Information

19 Movements in borrowings

	Short-term bank loans <i>HK\$'000</i>	Long-term bank loans <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2015	127,816	2,342,900	2,470,716
Borrowings	75,120	75,000	150,120
Repayments	(75,120)	(8,347)	(83,467)
Exchange adjustment	2,142	2,300	4,442
As at 30 June 2015 (unaudited)	129,958	2,411,853	2,541,811
As at 1 January 2016	98,884	2,471,426	2,570,310
Borrowings	131,615	661,537	793,152
Repayments	(136,401)	(572,889)	(709,290)
Exchange adjustment	1,383	1,628	3,011
As at 30 June 2016 (unaudited)	95,481	2,561,702	2,657,183

20 Share capital

	Ordinary shares of HK\$0.1 each	
	No. of shares	<i>HK\$'000</i>
Company – Authorised:		
As at 1 January and 30 June 2015 and 1 January and 30 June 2016	5,000,000,000	500,000
Company – Issued and fully paid:		
As at 1 January and 30 June 2015 and 1 January and 30 June 2016	3,893,270,558	389,328

21 Pledge of assets

Save as disclosed in note 17, the Group had no pledge of assets as at 30 June 2016 (31 December 2015: Nil).

Notes to the Condensed Consolidated Interim Financial Information

22 Contingent liabilities

As at 30 June 2016, the Group had no significant contingent liabilities.

23 Capital commitments

The Group's maximum capital commitments are as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Capital injection for an investment – Contracted but not provided for	191	681

24 Related party transactions

A summary of significant related party transactions, in addition to those disclosed in note 16 to the condensed consolidated interim financial information, is set out below:

(a) Sales of goods and services

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Sales to		
– HWL and its subsidiaries and joint ventures	–	21,854
– A subsidiary of CKHH	1,249	–
– Non-controlling interests of subsidiaries and their subsidiaries	–	370
– Associated companies	2,694	7,255

Notes to the Condensed Consolidated Interim Financial Information

24 Related party transactions (Continued)

(b) Purchase of goods and services

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Purchase of services payable to		
– Non-controlling interests of a subsidiary	4,445	6,517
Rental payable to		
– A subsidiary of CKH	–	6,136
– Non-controlling interests of subsidiaries and their subsidiaries	1,082	1,232
Service fees payable to		
– HWL and its subsidiaries	–	1,139
– CKHH and its subsidiaries	2,128	242
Property reinstatement costs payable to		
– A subsidiary of CKH	–	4,564
Interest expenses payable to		
– Non-controlling interests of a subsidiary	943	941

A substantial shareholder (2015: Two substantial shareholders) of the Company granted guarantees to the Company at a guarantee fee equivalent to 0.5% per annum (2015: Same) for aggregate principal amount outstanding under loan facilities of HK\$3,200 million (2015: HK\$2,900 million). During the period, guarantee fee amounted to approximately HK\$6,098,000 was paid by the Company (2015: HK\$5,619,000) to the substantial shareholder (2015: Two substantial shareholders).

(c) Key management compensation

During the period ended 30 June 2016, no transactions have been entered into with the directors of the Company (being the key management personnel) other than the emoluments paid to them (being key management personnel compensation) (2015: Nil).

25 Approval of interim financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 4 August 2016.

Disclosure of Interests

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

As at 30 June 2016, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares of the Company

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

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Disclosure of Interests

Interests and Short Positions of Substantial Shareholders

As at 30 June 2016, the persons or corporations (not being a Director or chief executive) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or had otherwise notified to the Company were as follows:

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

Disclosure of Interests

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

(L) denotes a long position

Notes:

- (1) Romefield Limited is a wholly-owned subsidiary of 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. CKH is a wholly-owned subsidiary of CKHH.

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

Disclosure of Interests

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

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

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

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

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

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

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

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

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

Save as disclosed above, as at 30 June 2016, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

Corporate Governance

Audit Committee

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

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

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2016 has been reviewed by the Audit Committee.

Corporate Governance Code

42

The Company has complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2016, save and except Code Provision A.5 which is with respect to the nomination committee.

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

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the Group’s code of conduct regarding Directors’ securities transactions. In response to specific enquiry made with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2016.

Other Information

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the period.

Public Float

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

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

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

Other Information

Change in Other 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 2015 Annual Report of the Company are set out below:

Name of Director	Details of the Changes
Ip Tak Chuen, Edmond	Retired as non-executive director of Real Nutraceutical Group Limited on 2 June 2016
Ip Yuk-keung, Albert	Appointed as a council member of Hong Kong University of Science and Technology on 1 April 2016 Appointed as an adjunct professor of Hang Seng Management College on 1 April 2016
Chow Woo Mo Fong, Susan	Retired as executive director and group deputy managing director of CKHH on 1 August 2016 Retired as executive director of Cheung Kong Infrastructure Holdings Limited ("CKI") and ceased to act as alternate director to Frank John Sixt, executive director of CKI, on 1 August 2016 Retired as non-executive director of Hutchison Telecommunications Hong Kong Holdings Limited on 1 August 2016 Retired as director of Hutchison Telecommunications (Australia) Limited ("HTAL") and ceased to act as alternate director to three directors of HTAL, namely Fok Kin Ning, Canning, Frank John Sixt and Lai Kai Ming, Dominic, on 1 August 2016 Ceased to act as alternate director to Frank John Sixt, Non-executive Director and the Chairman of the Company, on 1 August 2016
Lai Kai Ming, Dominic	Appointed as alternate director to Frank John Sixt, Non-executive Director and the Chairman of the Company, on 1 August 2016