TOM Group Limited

TOM集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2383)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 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

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.

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, the company 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.

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.

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.

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.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	Unaudited Six months ended 30 June 2016 HK$'000	2015 HK$'000
Revenue	2	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	3	-	56,460
		(25,527)	6,360
Share of profits less losses of investments accounted for using the equity method	4	(70,338)	(51,451)
Loss before net finance costs and taxation	5	(95,865)	(45,091)
Finance income	6	1,944	3,431
Finance costs	6	(28,458)	(35,534)
Finance costs, net	6	(26,514)	(32,103)
Loss before taxation		(122,379)	(77,194)
Taxation	7	(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	9	HK(3.32) cents	HK(2.00) cents

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)

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		83,204	97,465
Goodwill		640,008	641,612
Other intangible assets		77,672	75,087
Investments accounted for using the equity method	4	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
		2,238,604	2,305,541
Current assets			
Inventories		105,229	106,316
Trade and other receivables	10	610,827	620,605
Restricted cash		6,843	7,669
Cash and cash equivalents		438,912	466,728
		1,161,811	1,201,318
Current liabilities			
Trade and other payables	11	560,312	619,415
Taxation payable		36,423	33,310
Long-term bank loans – current portion		54,241	51,133
Short-term bank loans		95,481	98,884
		746,457	802,742
Net current assets		415,354	398,576
Total assets less current liabilities		2,653,958	2,704,117
Non-current liabilities			
Deferred tax liabilities		11,357	8,318
Long-term bank loans – non-current portion		2,507,461	2,420,293
Pension obligations		35,528	34,843
		2,554,346	2,463,454
Net assets		99,612	240,663
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		389,328	389,328
Deficits		(668,432)	(530,753)
Own shares held		(6,244)	(6,244)
		(285,348)	(147,669)
Non-controlling interests		384,960	388,332
Total equity		99,612	240,663

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	Other reserve HK$'000	Accumulated losses HK$'000	Total shareholders' deficits HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2016	389,328	(6,244)	3,625,981	(124,596)	776	155,774	11,017	737,064	-	(4,936,769)	(147,669)	388,332	240,663
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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation and accounting policies

This financial information is extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 which 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").

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.

2 Turnover, revenue and 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.

2 Turnover, revenue and segment information (Continued)

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

	Unaudited Six months ended 30 June 2016					
	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	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.

2 Turnover, revenue and segment information (Continued)

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

	Unaudited Six months ended 30 June 2015					
	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	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.

2 Turnover, revenue and segment information (Continued)

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

	Unaudited As at 30 June 2016					
	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	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					
	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	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.

3 Gain on disposal of long-term investments

	Unaudited Six months ended 30 June 2016 HK$'000	2015 HK$'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
	-	56,460

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.

4 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	1,303,735	1,372,311

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	(70,338)	(51,451)

4 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.

5 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 HK$'000	2015 HK$'000
Charging:		
Depreciation of fixed assets	18,809	22,867
Amortisation of other intangible assets	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
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

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).

6 Finance costs, net

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

7 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
Taxation charge	11,520	9,314

8 Dividends

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

9 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).

10 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
	610,827	620,605

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
	357,560	366,097
Less: Provision for impairment	(64,539)	(66,081)
	293,021	300,016

11 Trade and other payables

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

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 HK$'000	Audited 31 December 2015 HK$'000
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
	117,376	121,424

CORPORATE GOVERNANCE CODE

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.

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.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information of the Company and its subsidiary companies for the six months ended 30 June 2016 have been reviewed by the Company's auditor, PricewaterhouseCoopers, 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. The auditor's independent review report will be included in the Interim Report to shareholders. The unaudited condensed consolidated interim financial information of the Company and its subsidiary companies for the six months ended 30 June 2016 have been reviewed by the Audit Committee of the Company.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

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

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 announcement, based on information available to the Company and within the knowledge of the Directors, the issued share capital of the Company held by the public 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.

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

"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

As at the date hereof, the directors of the Company are:

Executive Directors:	*Non-executive Directors:*	*Independent Non-executive Directors:*
Mr. Yeung Kwok Mung	*Mr. Frank Sixt (Chairman)*	*Mr. Henry Cheong*
Ms. Angela Mak	*Ms. Debbie Chang*	*Mr. James Sha*
	Mr. Edmond Ip	*Mr. Albert Ip*
	Mrs. Angelina Lee	
		Alternate Director:
		Mr. Dominic Lai
		(Alternate to Mr. Frank Sixt)