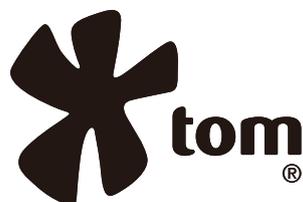


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TOM Group Limited

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 2021

CHAIRMAN'S STATEMENT

For the six months ended 30 June 2021, TOM Group continued to focus on high growth potential sectors such as e-commerce/new retail, fintech and advanced data analytics.

Gross revenue from the Group's Media Business, comprising its Publishing and Advertising business units, recorded gross revenue of HK\$377 million, showing an improvement of 12.1% comparing to the same period last year. The gross revenue of the Group's Technology Platform and Investments was HK\$26 million.

During the period under review, the Group's businesses were gradually recovering from the adverse impact of COVID-19 Pandemic. Revenue of the Group increased by 9.4% to HK\$402 million from HK\$368 million in the first half of 2020. Gross profit increased to HK\$163 million from HK\$147 million and gross profit margin was increased to 40.6%, compared to 40.0% in the same period last year. Including net share of operating losses of HK\$28 million from Associates and the lower net finance costs of HK\$22 million as a result of decreased average market interest rate during the period, the Group's loss for the period attributable to shareholders narrowed from HK\$112 million in the first half of 2020 to HK\$62 million.

Ule, the Group's E-Commerce joint operation with China Post, continued development of rural e-commerce/new retail in lower tier cities and associated B2B business with focus on supply chain innovation during the review period. B2B GMV increased from RMB2,635 million to RMB3,602 million in the period. Going forward, Ule will continue to expand its businesses and drive technology innovation to further elevate its brand awareness and industry competitiveness in Mainland China's rural e-commerce/new retail arena.

Pixnet, the Group's Social Network business, contributed gross revenue of HK\$19 million and segment loss of HK\$4 million.

The Publishing Group in Taiwan maintained its leadership position in its markets during the review period. Gross revenue and segment profit contributed by the Publishing Group were HK\$365 million and HK\$26 million, representing increases of 13.6% and 84.5% respectively from the same period last year.

The Group continued its exit strategy for non-performing subsidiaries in its Outdoor Media advertising businesses.

The general economy remains challenging under the outbreak of COVID-19. Management will remain focused on executing the Group Strategy, as well as maintaining stability in our business performance and a prudent financial profile by closely monitoring of operating and capital expenses and investments and implementing disciplined working capital management.

I would like to thank our shareholders, business partners, the management and all dedicated staff for their continued support to the Group.

Frank John Sixt
Chairman

Hong Kong, 4 August 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Consolidated revenue	402,299	367,864
Loss before net finance costs and taxation	(33,669)	(63,811)
Loss attributable to equity holders of the Company	(61,829)	(111,865)
Total comprehensive expense attributable to equity holders of the Company	(99,631)	(110,574)
Loss per share (HK cents)	(1.56)	(2.83)
Net (liabilities)/assets	(1,012,001)	69,501

BUSINESS REVIEW

The emergence of new COVID-19 variants posted continued challenges for countries around the globe in the first half of 2021. Against the backdrop of COVID-19 outbreak in Taiwan since the month of May and in times of economic uncertainty in the Greater China region, TOM Group demonstrated strong resilience and continued its trajectory in accelerating digital transformation to address the changing needs of the market and the evolving behaviour of its customers and users during and post the pandemic.

In the first half of 2021, the Group's Media Business delivered solid results with a 12.1% increase in gross revenue to HK\$377 million and a 96.6% increase in segment profit to HK\$25 million. Gross revenue from the Group's Technology Platform and Investments was HK\$26 million whilst segment loss reduced 25.0% to HK\$6 million. In line with its overall strategy to focus on investing in high-growth and technology-centric sectors, TOM Group will periodically review and rebalance its investment portfolio.

Media Business

The sudden surge of COVID-19 cases in Taiwan in mid-May adversely impacted local economic activity during the review period. The Group's traditional publishing business in Taiwan was duly affected as many offline events and customers' advertising and marketing campaigns were put on hold as a result of tightened containment measures. *Business Weekly*, the Group's flagship business magazine continued its strategic pivot from a purely content-based and advertising-supported business model to a shared-learning platform connecting targeted communities of knowledge users and business leaders in Taiwan. During the review period, *Business Weekly* as well as other business units of the Group stepped up its efforts in diversifying revenue streams driven by its capability in digital business development. The Publishing Group recorded a 13.6% increase in gross revenue to HK\$365 million and a 84.5% surge in segment profit to HK\$26 million.

Meanwhile, the Group's traditional advertising business in Mainland China was temporarily disrupted by imposed restrictions on business and social activities in Guangzhou as the city saw an increase in COVID-19 infections since the month of May. During the review period, the Advertising Group as a whole recorded a gross revenue of HK\$12 million with segment loss narrowing by 2.6% to HK\$1.7 million.

Technology Platform and Investments

Pixnet, the Group's Social Networking technology platform, is the largest community website in Taiwan focusing on food, lifestyle and travel. During the review period, Pixnet's business was severely impacted by an unexpected spike in local COVID cases. Advertising spending of brand owners has dipped significantly as the Taiwan economy was hit hard by stringent lockdown measures. Pixnet's gross revenue decreased by 19.6% to HK\$19 million and segment loss was HK\$4 million. Going forward, Pixnet will focus on establishing an eco-system to connect the business needs of retailers, brand owners, bloggers and consumers riding on its technology platform to offer an array of new services during and after the pandemic.

Ule is the Group's E-Commerce joint operation with China Post. During the review period, Ule recorded a B2B GMV of RMB3,602 million as compared to RMB2,635 million year-on-year. The discussion among Ule's shareholders regarding the future financing of the business is still ongoing.

TOM Group invested in WeLab, a leading Asian fintech company in 2014. WeLab operates WeLab Bank, one of the first licensed digital banks in Asia, as well as market leading digital consumer finance platforms in Hong Kong, Mainland China and Indonesia. WeLab serves around 50 million users and provides enterprise solutions to around 700 customers with their advanced big-data, AI and patented privacy computing technology. During the review period, WeLab Bank launched a series of innovative digital banking products and services, with total numbers surpassing 100,000 in Hong Kong within the first year of operation. In March 2021, WeLab announced the initial close of Series C-1 funding round led by Allianz X for US\$75 million, along with a strategic partnership in digital wealth management and financial services with Allianz Global Investors. As at 30 June 2021, TOM Group owns 7.97% in WeLab on an issued basis.

In March 2020, TOM Group invested in MioTech. The company uses artificial intelligence to solve the sustainability, climate change, and social responsibility challenges faced by financial institutions, corporations and governments. It offers more than 700 data points spanning more than one million private and public Chinese companies, including full coverage of A-shares, HK-listed, Taiwan-listed companies, US-listed ADRs, and bond issuers. Its software helps monitor, manage, and analyse sustainability data. MioTech has offices in Hong Kong, Shanghai, Beijing and Singapore. Earlier this year, MioTech announced the completion of an additional financing round from HSBC to its Series B, further expanding its stellar investor base which already includes ZhenFund and Moody's. As at 30 June 2021, TOM Group owns 9.26% in MioTech on an issued basis.

For the six months ended 30 June 2021, the Group recorded a 9.4% increase in revenue to HK\$402 million with a gross profit margin of 40.6%. Including net share of operating losses of HK\$28 million from Associates, and the net finance costs and taxation of HK\$28 million, the Group's loss for the period attributable to shareholders was HK\$62 million.

Given that the challenges and economic impact arising from COVID-19 will inevitably continue to affect the business environment in the second half of the year, TOM Group will remain prudent in managing its operations and investments in the Greater China region.

Group Capital Resources and Other Information

As at 30 June 2021, TOM Group had cash and cash equivalents of approximately HK\$439 million. HK\$3,316 million or 85.8% of the total available financing facilities of HK\$3,867 million had been utilised as at 30 June 2021 to finance the Group's investments, capital expenditures and for working capital purposes.

Total bank borrowings of TOM Group was approximately HK\$3,316 million as at 30 June 2021, of which HK\$3,265 million and HK\$51 million equivalent were denominated in Hong Kong dollar and New Taiwan dollar respectively. The borrowings included long-term bank loans of approximately HK\$3,302 million (including portion repayable within one year) and short-term bank loans of approximately HK\$14 million. All bank loans bore floating interest rates. The gearing ratio (Total principal amount of bank borrowings/(Total principal amount of bank borrowings + Equity)) of TOM Group was 143.9% as at 30 June 2021, compared to 138.6% as at 31 December 2020. The net liabilities were approximately HK\$1,012 million as at 30 June 2021, compared to HK\$916 million as at 31 December 2020.

As at 30 June 2021, net current assets of the Group was approximately HK\$181 million, compared to approximately HK\$176 million as at 31 December 2020. As at 30 June 2021, the current ratio (Current assets/Current liabilities) of TOM Group was 1.29, compared to 1.25 as at 31 December 2020.

For the period under review, net cash from operating activities after interest and taxation paid increased to HK\$57 million, 229.9% higher than HK\$17 million in the same period of 2020. Net cash used in investing activities was HK\$79 million, mainly included capital expenditure of approximately HK\$59 million and a share subscription in an equity investment in WeLab of approximately HK\$23 million.

Charges on Group Assets

As at 30 June 2021, the Group had restricted cash amounting to HK\$7 million, being bank deposits mainly pledged in favour of certain publishing distributors as retainer fee for potential sales return, and banks as security for credit card and advance receipt in Taiwan.

Contingent Liabilities

As at 30 June 2021, 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 2021, TOM Group had approximately 1,200 full-time employees (excluding approximately 400 full-time employees of Ule, an associated company of TOM). For the first six months of the year, employee costs, including Directors' emoluments, totalled HK\$168 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2020.

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) 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 2021**

		Unaudited	
		Six months ended 30 June	
	Note	2021 HK\$'000	2020 HK\$'000
Revenue	2	<u>402,299</u>	<u>367,864</u>
Cost of sales		(239,011)	(220,781)
Selling and marketing expenses		(65,110)	(62,838)
Administrative expenses		(34,536)	(33,204)
Other operating expenses, net	4	(73,127)	(70,822)
Other gains/(losses), net		<u>3,828</u>	<u>(1,576)</u>
		(5,657)	(21,357)
Share of profits less losses of investments accounted for using the equity method	3	<u>(28,012)</u>	<u>(42,454)</u>
Loss before net finance costs and taxation	5	(33,669)	(63,811)
Finance income		1,733	4,016
Finance costs		<u>(23,719)</u>	<u>(53,145)</u>
Finance costs, net	6	<u>(21,986)</u>	<u>(49,129)</u>
Loss before taxation		(55,655)	(112,940)
Taxation	7	<u>(6,124)</u>	<u>(2,521)</u>
Loss for the period		<u>(61,779)</u>	<u>(115,461)</u>
Attributable to:			
– Non-controlling interests		<u>50</u>	<u>(3,596)</u>
– Equity holders of the Company		<u>(61,829)</u>	<u>(111,865)</u>
Loss per share attributable to equity holders of the Company during the period			
Basic and diluted	9	<u>HK(1.56) cents</u>	<u>HK(2.83) cents</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Loss for the period	(61,779)	(115,461)
Other comprehensive (expense)/income for the period, net of tax		
– Items that will not be reclassified subsequently to income statement:		
Revaluation (deficit)/surplus of financial assets at fair value through other comprehensive income	(36,331)	1,062
Share of revaluation surplus through other comprehensive income from an associated company	–	1,114
	(36,331)	2,176
– Item that may be subsequently reclassified to income statement:		
Exchange translation differences	316	2,653
	(36,015)	4,829
Total comprehensive expense for the period	<u>(97,794)</u>	<u>(110,632)</u>
Total comprehensive (expense)/income for the period attributable to:		
– Non-controlling interests	<u>1,837</u>	<u>(58)</u>
– Equity holders of the Company	<u>(99,631)</u>	<u>(110,574)</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

		Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
	Note		
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		32,508	36,486
Right-of-use assets		34,606	32,760
Investment properties		22,992	22,800
Goodwill		528,272	528,211
Other intangible assets		141,096	140,862
Investments accounted for using the equity method	3	196,539	230,470
Financial assets at fair value through other comprehensive income		1,004,463	1,017,454
Deferred tax assets		50,765	48,935
Pension assets		4,233	4,233
Other non-current assets		99,694	95,187
		<u>2,115,168</u>	<u>2,157,398</u>
Current assets			
Inventories		94,931	97,207
Trade and other receivables	10	262,561	311,383
Restricted cash		6,735	6,691
Cash and cash equivalents		439,323	452,915
		<u>803,550</u>	<u>868,196</u>
Current liabilities			
Trade and other payables	11	533,090	575,604
Taxation payable		24,067	24,168
Long-term bank loans – current portion		27,037	33,060
Short-term bank loans		13,865	34,438
Lease liabilities – current portion		24,424	25,395
		<u>622,483</u>	<u>692,665</u>
Net current assets		<u>181,067</u>	<u>175,531</u>
Total assets less current liabilities		<u>2,296,235</u>	<u>2,332,929</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Non-current liabilities		
Deferred tax liabilities	12,938	12,744
Long-term bank loans – non-current portion	3,269,378	3,212,651
Lease liabilities – non-current portion	12,746	10,020
Pension obligations	13,174	13,675
	<u>3,308,236</u>	<u>3,249,090</u>
Net liabilities	<u>(1,012,001)</u>	<u>(916,161)</u>
EQUITY		
Equity attributable to the Company's equity holders		
Share capital	395,852	395,852
Deficits	(1,689,053)	(1,589,291)
Own shares held	(6,244)	(6,244)
	<u>(1,299,445)</u>	<u>(1,199,683)</u>
Non-controlling interests	287,444	283,522
Total deficit	<u>(1,012,001)</u>	<u>(916,161)</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	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	Fair value through other comprehensive income reserve HK\$'000	Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total shareholders' deficits HK\$'000	Non-controlling interests HK\$'000	Total deficit HK\$'000
Balance at 1 January 2021	395,852	(6,244)	3,744,457	(75,079)	776	174,686	512,608	14,625	696,856	6,096	(6,664,316)	(1,199,683)	283,522	(916,161)
Comprehensive income:														
Loss for the period	-	-	-	-	-	-	-	-	-	-	(61,829)	(61,829)	50	(61,779)
Other comprehensive income:														
Revaluation (deficit)/surplus of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(37,804)	-	-	-	-	(37,804)	1,473	(36,331)
Exchange translation differences	-	-	-	-	-	-	-	-	2	-	-	2	314	316
Total comprehensive (expense)/income for the period ended 30 June 2021	-	-	-	-	-	-	(37,804)	-	2	-	(61,829)	(99,631)	1,837	(97,794)
Transactions with equity holders:														
Disposal of subsidiaries	-	-	-	(131)	-	-	-	-	-	-	-	(131)	2,085	1,954
Transfer to accumulated losses upon disposal of a financial asset at fair value through other comprehensive income	-	-	-	-	-	-	631	-	-	-	(631)	-	-	-
Transactions with equity holders	-	-	-	(131)	-	-	631	-	-	-	(631)	(131)	2,085	1,954
Balance at 30 June 2021	395,852	(6,244)	3,744,457	(75,210)	776	174,686	475,435	14,625	696,858	6,096	(6,726,776)	(1,299,445)	287,444	(1,012,001)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	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	Fair value through other comprehensive income reserve HK\$'000	Properties revaluation 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 2020	395,852	(6,244)	3,744,457	(75,079)	776	170,872	480,550	14,625	681,956	6,096	(5,605,709)	(191,848)	368,732	176,884
Comprehensive income:														
Loss for the period	-	-	-	-	-	-	-	-	-	-	(111,865)	(111,865)	(3,596)	(115,461)
Other comprehensive income:														
Revaluation surplus/(deficit) of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(56)	-	-	-	-	(56)	1,118	1,062
Share of revaluation surplus through other comprehensive income from an associated company	-	-	-	-	-	-	1,003	-	-	-	-	1,003	111	1,114
Exchange translation differences	-	-	-	-	-	-	-	-	344	-	-	344	2,309	2,653
Total comprehensive (expense)/income for the period ended 30 June 2020	-	-	-	-	-	-	947	-	344	-	(111,865)	(110,574)	(58)	(110,632)
Transactions with equity holders:														
Dividends distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(198)	(198)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	3,447	3,447
Transactions with equity holders	-	-	-	-	-	-	-	-	-	-	-	-	3,249	3,249
Balance at 30 June 2020	395,852	(6,244)	3,744,457	(75,079)	776	170,872	481,497	14,625	682,300	6,096	(5,717,574)	(302,422)	371,923	69,501

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 2021 which has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

In preparing this unaudited condensed consolidated interim financial information, the Group has taken into account all information that could reasonably be expected to be available and has ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As at 30 June 2021, the Group had net liabilities of HK\$1,012 million. The Group also has undrawn banking facilities guaranteed by one of its substantial shareholders. Given its availability to the banking facilities, the Group considers it will have adequate financial resources to enable it to operate and meet its liabilities and commitments as and when they fall due within the next 12 months from the end of the reporting period. Accordingly, the Group has prepared this unaudited condensed consolidated interim financial information on a going concern basis.

The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in 2020 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 2021.

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/new retail operations.
- Mobile Internet Group – provision of mobile Internet services, online advertising and commercial enterprise solutions.
- Social Network Group – provision of services of online community and social networking websites and related online advertising.
- Publishing Group – magazine and book publishing and circulation, sales of advertising and other related products.
- Advertising Group – advertising sales of outdoor media assets and provision of outdoor media services; provision of media sales, event production and marketing services.

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 2021 are as follows:

	Unaudited Six months ended 30 June 2021							
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Social Network Group HK\$'000	Sub-total HK\$'000	Publishing Group HK\$'000	Advertising Group HK\$'000	Sub-total HK\$'000	Total HK\$'000
Gross segment revenue	2,267	4,412	18,881	25,560	365,225	12,081	377,306	402,866
Inter-segment revenue	-	-	(424)	(424)	-	(143)	(143)	(567)
Net revenue from external customers	<u>2,267</u>	<u>4,412</u>	<u>18,457</u>	<u>25,136</u>	<u>365,225</u>	<u>11,938</u>	<u>377,163</u>	<u>402,299</u>
Timing of revenue recognition:								
At a point in time	31	1,709	18,457	20,197	337,398	657	338,055	358,252
Over time	2,236	2,703	-	4,939	27,827	11,281	39,108	44,047
	<u>2,267</u>	<u>4,412</u>	<u>18,457</u>	<u>25,136</u>	<u>365,225</u>	<u>11,938</u>	<u>377,163</u>	<u>402,299</u>
Segment profit/(loss) before amortisation and depreciation	1,907	(3,516)	(1,685)	(3,294)	96,946	(1,243)	95,703	92,409
Amortisation and depreciation	(1)	(542)	(2,600)	(3,143)	(70,500)	(452)	(70,952)	(74,095)
Segment profit/(loss)	<u>1,906</u>	<u>(4,058)</u>	<u>(4,285)</u>	<u>(6,437)</u>	<u>26,446</u>	<u>(1,695)</u>	<u>24,751</u>	<u>18,314</u>
Other material items:								
Gain on disposal of subsidiaries	-	-	-	-	-	3,687	3,687	3,687
Share of profits less losses of investments accounted for using the equity method	(30,269)	694	-	(29,575)	1,563	-	1,563	(28,012)
	<u>(30,269)</u>	<u>694</u>	<u>-</u>	<u>(29,575)</u>	<u>1,563</u>	<u>3,687</u>	<u>5,250</u>	<u>(24,325)</u>
Finance costs:								
Finance income (note a)	15	1,230	4	1,249	1,242	296	1,538	2,787
Finance expenses	-	(16)	(20)	(36)	(665)	(18)	(683)	(719)
	<u>15</u>	<u>1,214</u>	<u>(16)</u>	<u>1,213</u>	<u>577</u>	<u>278</u>	<u>855</u>	<u>2,068</u>
Segment profit/(loss) before taxation	<u>(28,348)</u>	<u>(2,150)</u>	<u>(4,301)</u>	<u>(34,799)</u>	<u>28,586</u>	<u>2,270</u>	<u>30,856</u>	<u>(3,943)</u>
Unallocated corporate expenses								(51,712)
Loss before taxation								<u>(55,655)</u>
Expenditure for operating segment non-current assets	-	17	367	384	59,060	667	59,727	60,111
Unallocated expenditure for non-current assets								15,675
Total expenditure for non-current assets								<u>75,786</u>

Note (a):

Inter-segment interest income amounted to HK\$1,056,000 was included in the finance income.

2 Turnover, revenue and segment information (Continued)

The segment results for the six months ended 30 June 2020 are as follows:

	Unaudited Six months ended 30 June 2020							
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Social Network Group HK\$'000	Sub-total HK\$'000	Publishing Group HK\$'000	Advertising Group HK\$'000	Sub-total HK\$'000	Total HK\$'000
Gross segment revenue	3,434	5,111	23,473	32,018	321,527	15,136	336,663	368,681
Inter-segment revenue	-	-	(588)	(588)	(1)	(228)	(229)	(817)
Net revenue from external customers	<u>3,434</u>	<u>5,111</u>	<u>22,885</u>	<u>31,430</u>	<u>321,526</u>	<u>14,908</u>	<u>336,434</u>	<u>367,864</u>
Timing of revenue recognition:								
At a point in time	30	1,731	22,885	24,646	290,151	773	290,924	315,570
Over time	3,404	3,380	-	6,784	31,375	14,135	45,510	52,294
	<u>3,434</u>	<u>5,111</u>	<u>22,885</u>	<u>31,430</u>	<u>321,526</u>	<u>14,908</u>	<u>336,434</u>	<u>367,864</u>
Segment profit/(loss) before amortisation and depreciation	(2,493)	(1,773)	207	(4,059)	80,685	(1,045)	79,640	75,581
Amortisation and depreciation	(1)	(1,512)	(3,012)	(4,525)	(66,352)	(696)	(67,048)	(71,573)
Segment profit/(loss)	<u>(2,494)</u>	<u>(3,285)</u>	<u>(2,805)</u>	<u>(8,584)</u>	<u>14,333</u>	<u>(1,741)</u>	<u>12,592</u>	<u>4,008</u>
Other material items:								
Gain on disposal of a subsidiary	-	-	-	-	-	2,372	2,372	2,372
Share of profits less losses of investments accounted for using the equity method	(42,691)	(538)	-	(43,229)	775	-	775	(42,454)
	<u>(42,691)</u>	<u>(538)</u>	<u>-</u>	<u>(43,229)</u>	<u>775</u>	<u>2,372</u>	<u>3,147</u>	<u>(40,082)</u>
Finance costs:								
Finance income (note a)	2	1,005	3	1,010	1,522	269	1,791	2,801
Finance expenses	-	(40)	(44)	(84)	(1,112)	(39)	(1,151)	(1,235)
	<u>2</u>	<u>965</u>	<u>(41)</u>	<u>926</u>	<u>410</u>	<u>230</u>	<u>640</u>	<u>1,566</u>
Segment profit/(loss) before taxation	<u>(45,183)</u>	<u>(2,858)</u>	<u>(2,846)</u>	<u>(50,887)</u>	<u>15,518</u>	<u>861</u>	<u>16,379</u>	<u>(34,508)</u>
Unallocated corporate expenses								(78,432)
Loss before taxation								<u>(112,940)</u>
Expenditure for operating segment non-current assets	-	1,815	1,149	2,964	67,432	-	67,432	70,396
Unallocated expenditure for non-current assets								-
Total expenditure for non-current assets								<u>70,396</u>

Note (a):

Inter-segment interest income amounted to HK\$1,388,000 was included in the finance income.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 30 June 2021 are as follows:

	Unaudited As at 30 June 2021							
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Social Network Group HK\$'000	Sub-total HK\$'000	Publishing Group HK\$'000	Advertising Group HK\$'000	Sub-total HK\$'000	Total HK\$'000
Segment assets	250,717	876,242	33,559	1,160,518	1,321,868	99,501	1,421,369	2,581,887
Investments accounted for using the equity method	189,226	3,882	-	193,108	3,431	-	3,431	196,539
Unallocated assets								140,292
Total assets								<u>2,918,718</u>
Segment liabilities	22,072	41,662	12,749	76,483	390,330	26,429	416,759	493,242
Unallocated liabilities:								90,192
Corporate liabilities								24,067
Current taxation								12,938
Deferred taxation								3,310,280
Borrowings								
Total liabilities								<u>3,930,719</u>

The segment assets and liabilities at 31 December 2020 are as follows:

	Audited As at 31 December 2020							
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Social Network Group HK\$'000	Sub-total HK\$'000	Publishing Group HK\$'000	Advertising Group HK\$'000	Sub-total HK\$'000	Total HK\$'000
Segment assets	259,828	832,811	41,324	1,133,963	1,364,137	115,081	1,479,218	2,613,181
Investments accounted for using the equity method	220,414	4,876	-	225,290	5,180	-	5,180	230,470
Unallocated assets								181,943
Total assets								<u>3,025,594</u>
Segment liabilities	22,958	40,265	16,323	79,546	426,646	43,844	470,490	550,036
Unallocated liabilities:								74,658
Corporate liabilities								24,168
Current taxation								12,744
Deferred taxation								3,280,149
Borrowings								
Total liabilities								<u>3,941,755</u>

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 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 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Associated companies	<u>196,539</u>	<u>230,470</u>

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

	Unaudited Six months ended 30 June 2021 HK\$'000	2020 HK\$'000
Associated companies	<u>(28,012)</u>	<u>(42,454)</u>

Note:

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

3 Investments accounted for using the equity method (Continued)

Note (Continued):

In June 2016, the Deed was signed by Ule Holdings, the Ule Major Shareholder and remaining shareholders of Ule Holdings, under which it was mutually agreed that Ule Holdings granted Ule Major Shareholder Options to the Ule Major Shareholder for its contributions to Ule's business over the past years. The Ule Major Shareholder Options granted to the Ule Major Shareholder are only exercisable upon the completion of a qualified initial public offering ("Qualified IPO") of Ule Holdings. The exercise price of each Ule Major Shareholder Option is at the par value of each share on the exercise date. The Deed will be terminated if the Qualified IPO of Ule Holdings is not completed within 10 years from the date of the Deed. As at 30 June 2021 and 2020, Ule Major Shareholder Options are not yet exercisable as the Qualified IPO has not occurred.

The options under the Ule Other Options were granted carried a Qualified IPO performance of Ule Holdings and service condition that affect vesting. As at 30 June 2021, the Qualified IPO performance condition is yet to be satisfied. As the options only vest upon a Qualified IPO, Ule Holdings did not recognise any share-based compensation expense up to 30 June 2021. No outstanding options granted under the Ule Other Options were vested as at 30 June 2021.

4 Other operating expenses, net

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Staff costs	43,912	41,473
Travel and entertainment	716	525
Provision for inventories	6,713	10,621
(Reversal of provision)/provision for impairment of trade receivables, net	(777)	715
Depreciation of fixed assets	5,344	6,311
Depreciation of right-of-use assets	11,291	12,755
Amortisation of other intangible assets	1	42
Other expenses/(income)	5,927	(1,620)
	<u>73,127</u>	<u>70,822</u>

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	
	2021	2020
	HK\$'000	HK\$'000
Charging:		
Depreciation of fixed assets	8,182	8,716
Depreciation of right-of-use assets	13,738	15,071
Amortisation of other intangible assets	55,103	50,947
Loss on disposal of fixed assets	–	2
Exchange loss, net	–	4,529
	<u> </u>	<u> </u>
Crediting:		
Dividend income from financial assets at fair value through other comprehensive income	–	583
Gain on disposal of subsidiaries (note a)	3,687	–
Gain on disposal of a subsidiary (note b)	–	2,372
Gain on disposal of fixed assets	18	–
Exchange gain, net	123	–
	<u> </u>	<u> </u>

The above expense items by nature were included in cost of sales, selling and marketing expenses, administrative expenses, other operating expenses, net and other gains/(losses), net in the condensed consolidated interim income statement.

Notes:

- (a) In April and June 2021, a subsidiary of the Advertising Group entered into an agreement and a supplemental agreement to dispose its entire interests in subsidiaries engaging in outdoor media business, at a total consideration of RMB110,000 (approximately HK\$133,000). Upon completion of the disposal of equity interests in the subsidiaries, a gain on disposal of approximately HK\$3,687,000 was recognised in the condensed consolidated interim income statement for the period ended 30 June 2021.
- (b) In December 2019, a subsidiary of the Advertising Group entered into an agreement to dispose its entire interest in a subsidiary engaging in outdoor media business, at a total consideration of RMB200,000 (approximately HK\$222,000). The disposal of equity interest in the subsidiary was completed in February 2020. Accordingly, a gain on disposal of approximately HK\$2,372,000 was recognised in the condensed consolidated interim income statement for the period ended 30 June 2020.

6 Finance costs, net

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	23,445	52,626
Interest costs on lease liabilities	274	519
Bank interest income	<u>(1,733)</u>	<u>(4,016)</u>
	<u>21,986</u>	<u>49,129</u>

Note:

No interest has been capitalised for the six months ended 30 June 2021 (2020: Same).

7 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 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	
	2021	2020
	HK\$'000	HK\$'000
Overseas taxation	6,365	1,877
Under-provision in prior years	1,169	1,248
Deferred taxation	<u>(1,410)</u>	<u>(604)</u>
Taxation charge	<u>6,124</u>	<u>2,521</u>

8 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2021 (2020: Nil).

9 Loss per share

(a) Basic

The calculation of basic loss per share is based on consolidated loss attributable to equity holders of the Company of HK\$61,829,000 (2020: HK\$111,865,000) and the weighted average of 3,958,510,558 (2020: 3,958,510,558) 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 2021 (2020: Same).

10 Trade and other receivables

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Trade receivables	206,199	227,867
Prepayments, deposits and other receivables	<u>56,362</u>	<u>83,516</u>
	<u>262,561</u>	<u>311,383</u>

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 180 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

The ageing analyses of the Group's trade receivables, based on terms specified in the contracts governing the relevant transactions, were as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Current	85,180	99,761
31 – 60 days	51,889	66,118
61 – 90 days	30,678	28,287
Over 90 days	<u>76,611</u>	<u>79,858</u>
	244,358	274,024
Less: Provision for impairment	<u>(38,159)</u>	<u>(46,157)</u>
	<u>206,199</u>	<u>227,867</u>

11 Trade and other payables

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Trade payables	118,342	139,728
Other payables and accruals	296,336	325,775
Contract liabilities	<u>118,412</u>	<u>110,101</u>
	<u>533,090</u>	<u>575,604</u>

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

The ageing analyses of the Group's trade payables, based on terms specified in the contracts governing the relevant transactions, were as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Current	51,511	60,714
31 – 60 days	12,007	9,051
61 – 90 days	5,545	9,256
Over 90 days	<u>49,279</u>	<u>60,707</u>
	<u>118,342</u>	<u>139,728</u>

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 2021 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 2021 have been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code throughout the six months ended 30 June 2021, 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, through which decisions are efficiently formulated based on a balance of skill set, experience, expertise and diversity of perspectives.

Notwithstanding the aforementioned, a nomination committee of the Company, comprising a majority of Independent Non-executive Directors and chaired by an Independent Non-executive Director was established on 1 April 2021, which is in full compliance with the code provisions.

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 regarding their securities transactions throughout their tenure during the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2021, 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.

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.

DEFINITIONS

“Associate(s)”	has the meaning ascribed to it in the Listing Rules
“B2B”	means business-to-business
“Board”	means the board of Directors
“China Post”	means China Post Group Corporation Limited, a state-owned enterprise of the People’s Republic of China, and its subsidiaries (its subsidiary Telpo Philatelic Company Limited is the entity that is the shareholder of Ule)
“CKH”	means Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, whose listing status on the Stock Exchange was replaced by CKHH on 18 March 2015
“CKHH”	means CK Hutchison Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 18 March 2015 (Stock Code: 0001)
“Company” or “TOM”	means TOM Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2383)
“Corporate Governance Code”	means the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“COVID-19”	means the infectious disease caused by a newly discovered coronavirus
“Director(s)”	means the director(s) of the Company
“GMV”	means Gross Merchandise Value, the total value of all orders handled or processed through Ule Group’s platform which includes 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
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China

“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 China”	means for the purpose of the segment differentiation of this announcement, the People’s Republic of China, excluding coverage of Hong Kong, Macau Special Administrative Region and Taiwan region
“Media Business”	means two reportable operating segments of Publishing Group and Advertising Group
“MioTech”	means Mioying Holdings Inc., a company incorporated in the Cayman Islands with limited liability
“Model Code”	means Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Technology Platform and Investments”	means three reportable operating segments of E-Commerce Group, Social Network Group and Mobile Internet Group; and investments in Fintech and Advanced Data Analytics sectors
“Ule” or “Ule Group”	means Ule Holdings Limited or Ule Holdings Limited and its subsidiaries, a material associate of the Company which undertakes an e-commerce/new retail business in Mainland China and from time to time raises funds for its growing business
“WeLab”	means WeLab Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability

To the extent that there are any inconsistencies between the English version and the Chinese version of this announcement, the English version shall prevail.

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

Executive Director:

Mr. Yeung Kwok Mung

Non-executive Directors:

Mr. Frank Sixt (Chairman)

Ms. Debbie Chang

Mrs. Angelina Lee

*Independent Non-executive
Directors:*

Mr. James Sha

Dr. Alex Fong

Mr. Chan Tze Leung

Alternate Director:

Mr. Dominic Lai

(Alternate to Mr. Frank Sixt)