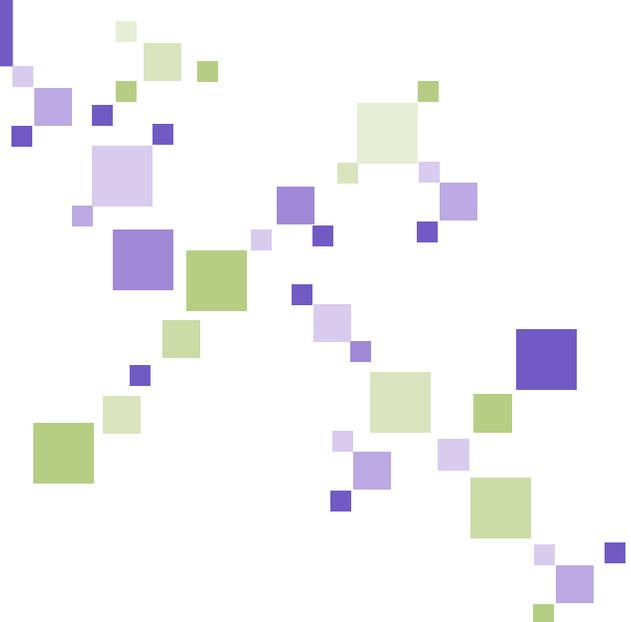




TOM Group Limited

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

INTERIM REPORT 2021



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Disclaimer

If there is any inconsistency or conflict between the English and the Chinese versions, the English version shall prevail.

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

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 China”	means for the purpose of the segment differentiation of this report, 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

Corporate Information

Board of Directors

Chairman

Frank John Sixt

Executive Director

Yeung Kwok Mung

Non-executive Directors

Chang Pui Vee, Debbie

Lee Pui Ling, Angelina

Independent Non-executive Directors

James Sha

Fong Chi Wai, Alex

Chan Tze Leung

Alternate Director

Lai Kai Ming, Dominic

(Alternate to Frank John Sixt)

Company Secretary

Man Tak Cheung

Authorised Representatives

Yeung Kwok Mung

Man Tak Cheung

Auditor

PricewaterhouseCoopers

(Certified Public Accountants and Registered PIE Auditor)

Audit Committee

Fong Chi Wai, Alex

(Committee Chairman)

James Sha

Lee Pui Ling, Angelina

Chan Tze Leung

Remuneration Committee

Fong Chi Wai, Alex

(Committee Chairman)

Frank John Sixt

Chan Tze Leung

Nomination Committee*

James Sha

(Committee Chairman)

Frank John Sixt

Chan Tze Leung

Sustainability Committee*

Yeung Kwok Mung

(Committee Chairman)

Fong Chi Wai, Alex

Man Tak Cheung

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

Bank of America, N.A.

Hang Seng Bank Limited

Website Address

www.tomgroup.com

Stock Code

2383

* Established on 1 April 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 HK\$'000	30 June 2020 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.

Management's Discussion and Analysis

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.

Management's Discussion and Analysis

Significant Investments

As at 30 June 2021, details of significant investments (with individual investment value of 5 per cent or more of the Group's total assets) held by the Group were set out as follows:

Nature of investments	Number of shares held by the Group	Interests held on issued basis	Investment cost HK\$	Carrying value HK\$	Total assets of the Group HK\$	Carrying value to total assets of the Group
(i) Ule						
– Ordinary shares	425,086,000					
– Preferred shares	12,224,730					
Total	437,310,730	42.00%	94,251,000	189,226,000	2,918,718,000	6.48%
(ii) WeLab						
– Preferred shares	3,868,548	7.97%	279,736,000	872,852,000	2,918,718,000	29.91%

(i) Investment in Ule

The Group recorded investment in Ule as "investment accounted for using the equity method". The principal business of Ule is investment holding. The subsidiaries of Ule principally undertake rural e-commerce/new retail business which focuses on owning and operating the mobile and internet-based e-marketplaces in lower tier cities of Mainland China.

During the six months ended 30 June 2021, share of operating loss of HK\$30,269,000 has been recorded by the Group for its investment in Ule.

No dividend has been received from the investment in Ule during the six months ended 30 June 2021. The investment in Ule represents an opportunity to sustainable growth of the Group and to continue its business strategy of becoming a leading investor in the rural e-commerce/new retail business in lower tier cities of Mainland China.

(ii) Investment in WeLab

The Group recorded investment in WeLab as “financial asset at fair value through other comprehensive income”. WeLab is a leading Asian fintech company and one of the first licensed digital banks in Asia.

During the six months ended 30 June 2021, unrealised gain of HK\$7,584,000 on revaluation of the investment in WeLab has been recorded by the Group. No realised gain or dividend has been received from this investment. The Group believe that the investment in WeLab will create synergies with the Group's other technology related businesses.

The above significant investments are in line with the Group's strategy to focus on high growth potential sectors such as e-commerce/new retail, fintech and advanced data analytics.

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.

Management's Discussion and Analysis

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this 2021 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 2021 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 2021 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) 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.



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 14 to 42, 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 2021 and the condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated 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.

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 of the Group 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 2021

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

Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2021

	Note	Unaudited Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Revenue	5	402,299	367,864
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	6	(73,127)	(70,822)
Other gains/(losses), net		3,828	(1,576)
		(5,657)	(21,357)
Share of profits less losses of investments accounted for using the equity method	15	(28,012)	(42,454)
Loss before net finance costs and taxation	7	(33,669)	(63,811)
Finance income		1,733	4,016
Finance costs		(23,719)	(53,145)
Finance costs, net	8	(21,986)	(49,129)
Loss before taxation		(55,655)	(112,940)
Taxation	9	(6,124)	(2,521)
Loss for the period		(61,779)	(115,461)
Attributable to:			
– Non-controlling interests		50	(3,596)
– Equity holders of the Company		(61,829)	(111,865)
Loss per share attributable to equity holders of the Company during the period			
Basic and diluted	11	HK(1.56) cents	HK(2.83) cents

Condensed Consolidated Interim Financial Information

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
	<u>(36,331)</u>	<u>2,176</u>
– Item that may be subsequently reclassified to income statement:		
Exchange translation differences	316	2,653
	<u>(36,015)</u>	<u>4,829</u>
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 Financial Information

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	12	32,508	36,486
Right-of-use assets		34,606	32,760
Investment properties		22,992	22,800
Goodwill	13	528,272	528,211
Other intangible assets	14	141,096	140,862
Investments accounted for using the equity method	15	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	16	99,694	95,187
		2,115,168	2,157,398
Current assets			
Inventories		94,931	97,207
Trade and other receivables	17	262,561	311,383
Restricted cash	18	6,735	6,691
Cash and cash equivalents		439,323	452,915
		803,550	868,196
Current liabilities			
Trade and other payables	19	533,090	575,604
Taxation payable		24,067	24,168
Long-term bank loans – current portion	20	27,037	33,060
Short-term bank loans	20	13,865	34,438
Lease liabilities – current portion		24,424	25,395
		622,483	692,665
Net current assets		181,067	175,531
Total assets less current liabilities		2,296,235	2,332,929

Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2021

	<i>Note</i>	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		12,938	12,744
Long-term bank loans – non-current portion	20	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	21	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 Financial Information

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 Financial Information

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			Total shareholders' deficits HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000	
							through other income reserve HK\$'000	Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000				Other reserve 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)	368,732	176,884
Comprehensive income:													
Loss for the period	-	-	-	-	-	-	-	-	-	-	(111,865)	(3,596)	(115,461)
Other comprehensive income:													
Revaluation surplus/(deficit) of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(56)	-	-	-	-	1,118	1,062
Share of revaluation surplus through other comprehensive income from an associated company	-	-	-	-	-	-	1,003	-	-	-	-	111	1,114
Exchange translation differences	-	-	-	-	-	-	-	-	344	-	-	2,309	2,653
Total comprehensive (expense)/income for the period ended 30 June 2020	-	-	-	-	-	-	947	-	344	-	(111,865)	(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)	371,923	69,501

Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2021

	Note	Unaudited Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
Net cash inflow from operations		72,259	57,767
Interest paid		(7,705)	(40,323)
Overseas taxation paid		(7,892)	(268)
Net cash from operating activities		56,662	17,176
Cash flows from investing activities			
Capital expenditures		(58,890)	(56,320)
Capital investment in a financial asset at fair value through other comprehensive income		(23,400)	(15,600)
Proceeds from disposal of fixed assets		29	5
Disposal of subsidiaries		(461)	203
Disposal of a financial asset at fair value through other comprehensive income		273	–
Dividends received		3,446	2,069
Net cash used in investing activities		(79,003)	(69,643)
Cash flows from financing activities			
New bank loans	20	78,650	676,190
Loan repayments	20	(50,957)	(32,022)
Loan arrangement fee paid		(8,201)	(10,158)
Principal elements of lease payments		(13,823)	(14,754)
Dividends paid to non-controlling interests		–	(5,029)
Decrease in restricted cash	18	–	1,081
Net cash from financing activities		5,669	615,308
(Decrease)/increase in cash and cash equivalents		(16,672)	562,841
Cash and cash equivalents at 1 January		452,915	371,776
Exchange adjustment		3,080	1,139
Cash and cash equivalents at 30 June		439,323	935,756

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 2021 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.

2 Accounting policies

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.

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 2020.

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, foreign currency risk and price risk).

The condensed consolidated interim financial information does 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 for the year ended 31 December 2020.

There have been no changes in the risk management policies since the year ended 31 December 2020.

(b) Fair value estimation

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

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

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

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	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
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As at 30 June 2021 (Unaudited)

Assets

Investment properties	–	–	22,992	22,992
Financial assets at fair value through other comprehensive income ("FVOCI") – Equity securities (note)	57,691	–	946,772	1,004,463

Total assets	57,691	–	969,764	1,027,455
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Total liabilities	–	–	–	–
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As at 31 December 2020 (Audited)

Assets

Investment properties	–	–	22,800	22,800
Financial assets at FVOCI – Equity securities (note)	105,767	–	911,687	1,017,454

Total assets	105,767	–	934,487	1,040,254
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Total liabilities	–	–	–	–
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Notes to the Condensed Consolidated Interim Financial Information

4 Financial risk management (Continued)

(b) Fair value estimation (Continued)

Note:

Certain financial assets at FVOCI of HK\$872,852,000 have been fair valued as at 30 June 2021 by an independent external valuer. As at 30 June 2021, the fair values of the financial assets at FVOCI were arrived by reference to the subscription price of latest round of financing of equity interests which is a significant input. Other insignificant inputs include marketability discount, minority discount and probability of conversion scenario.

Included in financial assets at FVOCI, the Group owns 7.97% (31 December 2020: 8.25%) equity interests in WeLab as at 30 June 2021.

Changing unobservable inputs in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

There were no transfers among Level 1, Level 2 and Level 3 during the six months ended 30 June 2021. The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The following table presents the changes in Level 3 items for the period ended 30 June 2021:

	Investment properties <i>HK\$'000</i>	Unlisted equity securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021	22,800	911,687	934,487
Capital investment	–	23,400	23,400
Net revaluation surplus	–	11,745	11,745
Disposal	–	(273)	(273)
Exchange adjustment	192	213	405
At 30 June 2021 (unaudited)	<u>22,992</u>	<u>946,772</u>	<u>969,764</u>

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/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.

Notes to the Condensed Consolidated Interim Financial Information

5 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	2,267	4,412	18,457	25,136	365,225	11,938	377,163	402,299
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
	2,267	4,412	18,457	25,136	365,225	11,938	377,163	402,299
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)	1,906	(4,058)	(4,285)	(6,437)	26,446	(1,695)	24,751	18,314
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)
	(30,269)	694	-	(29,575)	1,563	3,687	5,250	(24,325)
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)
	15	1,214	(16)	1,213	577	278	855	2,068
Segment profit/(loss) before taxation	(28,348)	(2,150)	(4,301)	(34,799)	28,586	2,270	30,856	(3,943)
Unallocated corporate expenses								(51,712)
Loss before taxation								(55,655)
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								75,786

Note (a):

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

Notes to the Condensed Consolidated Interim Financial Information

5 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	3,434	5,111	22,885	31,430	321,526	14,908	336,434	367,864
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
	3,434	5,111	22,885	31,430	321,526	14,908	336,434	367,864
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)	(2,494)	(3,285)	(2,805)	(8,584)	14,333	(1,741)	12,592	4,008
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)
	(42,691)	(538)	-	(43,229)	775	2,372	3,147	(40,082)
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)
	2	965	(41)	926	410	230	640	1,566
Segment profit/(loss) before taxation	(45,183)	(2,858)	(2,846)	(50,887)	15,518	861	16,379	(34,508)
Unallocated corporate expenses								(78,432)
Loss before taxation								(112,940)
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								70,396

Note (a):

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

Notes to the Condensed Consolidated Interim Financial Information

5 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								2,918,718
Segment liabilities	22,072	41,662	12,749	76,483	390,330	26,429	416,759	493,242
Unallocated liabilities:								
Corporate liabilities								90,192
Current taxation								24,067
Deferred taxation								12,938
Borrowings								3,310,280
Total liabilities								3,930,719

Notes to the Condensed Consolidated Interim Financial Information

5 Segment information (Continued)

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	Mobile	Social	Sub-total	Publishing Group	Advertising	Sub-total	Total
		Internet Group	Network Group			Group		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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:								
Corporate liabilities								74,658
Current taxation								24,168
Deferred taxation								12,744
Borrowings								<u>3,280,149</u>
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.

Notes to the Condensed Consolidated Interim Financial Information

6 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>

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	
	2021	2020
	HK\$'000	HK\$'000
Charging:		
Depreciation of fixed assets (note 12)	8,182	8,716
Depreciation of right-of-use assets	13,738	15,071
Amortisation of other intangible assets (note 14)	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 FVOCI	–	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>123</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 to the Condensed Consolidated Interim Financial Information

7 Loss before net finance costs and taxation (Continued)

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.

8 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	(1,733)	(4,016)
	<u>21,986</u>	<u>49,129</u>

Note:

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

Notes to the Condensed Consolidated Interim Financial Information

9 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	(1,410)	(604)
Taxation charge	6,124	2,521

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

10 Dividends

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

11 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).

Notes to the Condensed Consolidated Interim Financial Information

12 Fixed assets

	<i>HK\$'000</i>
Net book value	
At 1 January 2020	38,325
Additions	5,326
Disposals	(7)
Disposal of a subsidiary	(467)
Depreciation charge	(8,716)
Exchange adjustment	141
	<hr/>
At 30 June 2020 (unaudited)	34,602
Net book value	
At 1 January 2021	36,486
Additions (note)	4,216
Disposals	(11)
Depreciation charge	(8,182)
Exchange adjustment	(1)
	<hr/>
At 30 June 2021 (unaudited)	32,508

Note:

During the period ended 30 June 2021, major fixed assets acquired by the Group were computer equipment amounting to HK\$2,889,000.

Notes to the Condensed Consolidated Interim Financial Information

13 Goodwill

	<i>HK\$'000</i>
<hr/>	
Net book value	
At 1 January 2020	570,856
Exchange adjustment	<u>(283)</u>
At 30 June 2020 (unaudited)	<u>570,573</u>
Net book value	
At 1 January 2021	528,211
Exchange adjustment	<u>61</u>
At 30 June 2021 (unaudited)	<u>528,272</u>

14 Other intangible assets

	Publishing rights <i>HK\$'000</i>	Trademarks and domain names <i>HK\$'000</i>	Total <i>HK\$'000</i>
<hr/>			
Net book value			
At 1 January 2020	134,276	233	134,509
Additions	50,994	–	50,994
Amortisation charge	(50,905)	(42)	(50,947)
Exchange adjustment	<u>1,180</u>	<u>3</u>	<u>1,183</u>
At 30 June 2020 (unaudited)	<u>135,545</u>	<u>194</u>	<u>135,739</u>
Net book value			
At 1 January 2021	140,702	160	140,862
Additions	54,674	–	54,674
Amortisation charge	(55,058)	(45)	(55,103)
Exchange adjustment	<u>662</u>	<u>1</u>	<u>663</u>
At 30 June 2021 (unaudited)	<u>140,980</u>	<u>116</u>	<u>141,096</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 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Associated companies	196,539	230,470

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

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

Interests in associated companies

Movements in interests in associated companies during the period:

	Unaudited Six months ended 30 June 2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	230,470	1,201,769
Share of profits less losses	(28,012)	(42,454)
Share of revaluation surplus through other comprehensive income from an associated company	–	1,114
Dividend income from associated companies	(5,145)	(2,972)
Exchange adjustment	(774)	381
At 30 June (unaudited)	196,539	1,157,838

Notes to the Condensed Consolidated Interim Financial Information

15 Investments accounted for using the equity method (Continued)

Interests in associated companies (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) 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”).

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.

Notes to the Condensed Consolidated Interim Financial Information

16 Other non-current assets

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Long-term receivables	195,532	190,267
Provision for impairment in amounts due from associated companies	<u>(95,838)</u>	<u>(95,080)</u>
	<u>99,694</u>	<u>95,187</u>
Represented by:		
Receivables from associated companies	98,010	95,080
Receivables from third parties	<u>1,684</u>	<u>107</u>
	<u>99,694</u>	<u>95,187</u>

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

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

The Group does not hold any collateral as security.

Movements in the provision for impairment of other non-current assets were as follows:

	Unaudited Six months ended 30 June 2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Balance as at 1 January	95,080	–
Exchange adjustment	<u>758</u>	–
Balance as at 30 June (unaudited)	<u>95,838</u>	–

Notes to the Condensed Consolidated Interim Financial Information

17 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	56,362	83,516
	<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	76,611	79,858
	<u>244,358</u>	<u>274,024</u>
Less: Provision for impairment	(38,159)	(46,157)
	<u>206,199</u>	<u>227,867</u>
Represented by:		
Receivables from associated companies	511	138
Receivables from third parties	205,688	227,729
	<u>206,199</u>	<u>227,867</u>

Notes to the Condensed Consolidated Interim Financial Information

18 Restricted cash

At 30 June 2021, NT\$24,286,000 (approximately HK\$6,735,000) (31 December 2020: NT\$24,286,000 (approximately HK\$6,691,000)) was 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.

19 Trade and other payables

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

The contract liabilities primarily relate to the advance consideration received from customers, or the Group has unconditional right to considerations before the goods or services are delivered.

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 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Current	51,511	60,714
31 – 60 days	12,007	9,051
61 – 90 days	5,545	9,256
Over 90 days	49,279	60,707
	<u>118,342</u>	<u>139,728</u>
Represented by:		
Payables to third parties	<u>118,342</u>	<u>139,728</u>

Notes to the Condensed Consolidated Interim Financial Information

20 Movements in borrowings

	Short-term bank loans <i>HK\$'000</i>	Long-term bank loans <i>HK\$'000</i>	Transaction costs arising on bank facility <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2020	38,775	3,135,306	(11,220)	3,162,861
Recognition of transaction costs	–	–	(863)	(863)
Amortisation on transaction costs	–	–	2,056	2,056
Borrowings	26,190	650,000	–	676,190
Repayments	(26,190)	(5,832)	–	(32,022)
Exchange adjustment	510	1,060	–	1,570
As at 30 June 2020 (unaudited)	<u>39,285</u>	<u>3,780,534</u>	<u>(10,027)</u>	<u>3,809,792</u>
As at 1 January 2021	34,438	3,253,722	(8,011)	3,280,149
Recognition of transaction costs	–	–	(39)	(39)
Amortisation on transaction costs	–	–	2,030	2,030
Borrowings	13,650	65,000	–	78,650
Repayments	(34,448)	(16,509)	–	(50,957)
Exchange adjustment	225	222	–	447
As at 30 June 2021 (unaudited)	<u>13,865</u>	<u>3,302,435</u>	<u>(6,020)</u>	<u>3,310,280</u>

21 Share capital

	Ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
Company – Authorised		
At 1 January and 30 June 2020 and 1 January and 30 June 2021	<u>5,000,000,000</u>	<u>500,000</u>
Company – Issued and fully paid		
At 1 January and 30 June 2020 and 1 January and 30 June 2021	<u>3,958,510,558</u>	<u>395,852</u>

22 Pledge of assets

Save as disclosed in note 18 to the condensed consolidated interim financial information, the Group had no pledge of assets as at 30 June 2021 (31 December 2020: Nil).

Notes to the Condensed Consolidated Interim Financial Information

23 Contingent liabilities

As at 30 June 2021, the Group had no significant contingent liabilities.

24 Capital commitments

As at 30 June 2021, the Group had no significant capital commitments.

25 Related party transactions

A summary of significant related party transactions is set out below:

(a) Sales of goods and services

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Provision of services to – Associated companies	3,327	4,095

(b) Purchase of goods and services

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Purchase of services payable to – Non-controlling interests of a subsidiary and their subsidiaries	448	374
Rental payable to – Non-controlling interests of subsidiaries and their subsidiaries	–	23
Service fees payable to – CKHH and its subsidiaries	1,263	1,388

A substantial shareholder of the Company granted guarantee to the Company at a guarantee fee equivalent to 0.5% per annum (2020: Same) for aggregate principal amount outstanding under a loan facility of HK\$3,700 million (2020: Same). For the six months ended 30 June 2021, guarantee fee amounted to approximately HK\$8,036,000 was paid by the Company (2020: HK\$8,474,000) to the substantial shareholder.

Notes to the Condensed Consolidated Interim Financial Information

25 Related party transactions (Continued)

(c) Key management compensation

For the six months ended 30 June 2021, 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) (2020: Nil).

26 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.

27 Approval of interim financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 4 August 2021.

Disclosure of Interests

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

As at 30 June 2021, 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%

Save as disclosed above, as at 30 June 2021, 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 2021, 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) <i>(Notes 1, 2 & 3)</i>	36.13%
CKH	Interest of controlled corporations	1,430,120,545 (L) <i>(Notes 1, 2 & 3)</i>	36.13%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) <i>(Note 1)</i>	12.03%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) <i>(Note 1)</i>	12.03%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) <i>(Note 1)</i>	12.03%
Romefield Limited	Beneficial owner	476,341,182 (L) <i>(Note 1)</i>	12.03%
CK Hutchison Global Investments Limited	Interest of controlled corporations	952,683,363 (L) <i>(Note 2)</i>	24.07%
HWL	Interest of controlled corporations	952,683,363 (L) <i>(Note 2)</i>	24.07%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) <i>(Note 2)</i>	24.07%
Easterhouse Limited	Beneficial owner	952,683,363 (L) <i>(Note 2)</i>	24.07%

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)	25.35%
Composers International Limited	Interest of controlled corporations	1,003,432,363 (L) (Notes 4, 5 & 6)	25.35%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	995,078,363 (L) (Notes 4 & 6)	25.14%
Schumann International Limited	Beneficial owner	580,000,000 (L) (Notes 4 & 6)	14.65%
Handel International Limited	Beneficial owner	348,000,000 (L) (Notes 4 & 6)	8.79%
Lin Tian Maw	Beneficial owner, interest of child under 18 and/or spouse & interest of controlled corporations	526,518,000 (L)	13.30%

(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, certain 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 all 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 2021, 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.

Audit Committee

The Company has established an Audit Committee in January 2000. The Audit Committee currently consists of three Independent Non-executive Directors and one Non-executive Director who possess the relevant financial and business management experience and skills to understand financial statements and monitor the financial governance, internal controls and risk management of the Company. It is chaired by Dr. Fong Chi Wai, Alex and the other members include Mr. James Sha, Mrs. Lee Pui Ling, Angelina and Mr. Chan Tze Leung. 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, overseeing and reviewing the adequacy and effectiveness of risk management and internal control systems, 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 2021 has been reviewed by the Audit Committee.

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.

Other Information

Purchase, Sale or Redemption of Shares

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the period.

Change in Other Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors of the Company required to be disclosed are shown as follows:

Name of Director	Details of the Changes
Frank John Sixt	Resigned as director of Husky Energy Inc. on 23 March 2021 Appointed as member of the Nomination Committee of the Company on 1 April 2021
Yeung Kwok Mung	Appointed as Chairman of the Sustainability Committee of the Company on 1 April 2021
James Sha	Appointed as Chairman of the Nomination Committee of the Company on 1 April 2021
Fong Chi Wai, Alex	Appointed as member of the Sustainability Committee of the Company on 1 April 2021
Chan Tze Leung	Retired as Chairman and Non-executive director of The Hour Glass (HK) Limited on 31 March 2021 Appointed as member of the Nomination Committee of the Company on 1 April 2021