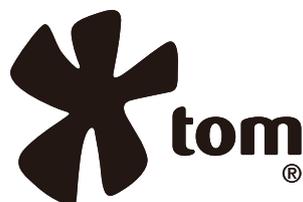


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TOM Group Limited

TOM集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2383)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

CHAIRMAN'S STATEMENT

In 2021, TOM Group continued to focus on high growth potential sectors such as e-commerce/new retail, fintech and advanced data analytics. Despite continuing sporadic disruptions caused by the COVID-19 pandemic, the Group's consolidated revenue increased by 2.5% to HK\$889 million. Gross revenues from Technology Platform and Investments and Media businesses amounted to HK\$56 million and HK\$835 million respectively. Loss before net finance costs and taxation and loss attributable to shareholders were HK\$37 million and HK\$114 million respectively.

Ule, a joint operation with China Post which focuses on providing e-commerce/new retail services in rural areas of Mainland China, continued the development of rural New Retail and associated B2B business with focus on supply chain innovation during the year. Ule recorded a B2B GMV of RMB6.7 billion for the year, represented an increase of 11.4% compared to RMB6.0 billion in last year. Ule entered into a subscription agreement with China Post HK on 1 November 2021. Upon completion of the subscription transaction Ule will issue new shares to China Post HK to strengthen Ule's capital base and scale up Ule's operations.

Pixnet, the Group's Social Network business, remains to be the largest social and networking website in Taiwan according to Alexa. However, with the COVID-19 pandemic such advertising spending plummeted and consumer activities slowed down during the year. Gross revenue of Pixnet was HK\$43 million and segment loss was HK\$3 million for the year.

The Publishing Group maintained its market leader position in Taiwan and recorded gross revenue of HK\$812 million, representing an increase of 5.1% compared to last year. Segment profit from the Publishing Group increased 24.9% to HK\$77 million in this year, showing resilience to the COVID-19 operating environment and results of its digital transformation. Looking forward, the uncertainties of pandemic still exist and the media and publishing market in Taiwan remains challenging. The Group will remain focused on operational efficiency while accelerating the development of digital offerings and pursuing revenue stream diversification to tap into post pandemic growth opportunities.

The Group made steady progress in exiting non-performing Outdoor Media advertising businesses. Gross revenue of Outdoor Media business was HK\$5 million and its segment loss was HK\$2 million this year.

I would like to take this opportunity to thank our shareholders, business partners, and all our colleagues for their continued support to the Group.

Frank John Sixt
Chairman

Hong Kong, 10 March 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL HIGHLIGHTS

| | For the year ended 31 December | |
|---|-----------------------------------|------------------|
| | 2021 HK\$'000 | 2020 HK\$'000 |
| Consolidated revenue | 889,370 | 867,970 |
| Loss ⁽¹⁾ before goodwill impairment, provision for impairment in amounts due from associated companies and provision for impairment in investments accounted for using the equity method | (37,402) | (55,824) |
| Goodwill impairment ⁽²⁾ | – | (46,333) |
| Provision for impairment in amounts due from associated companies | – | (95,080) |
| Provision for impairment in investments accounted for using the equity method | – | (874,444) |
| Loss before net finance costs and taxation | (37,402) | (1,071,681) |
| Loss attributable to equity holders of the Company | (114,106) | (1,063,933) |
| Loss per share (HK cents) | (2.88) | (26.88) |
| Net liabilities | (1,010,566) | (916,161) |

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

(2) Goodwill impairment of HK\$46,333,000 in 2020 was related to e-commerce operation under E-Commerce Group

BUSINESS REVIEW

In 2021, the unprecedented challenges brought by the COVID-19 crisis and the emergence of new variants continued to disrupt economic activity in the Greater China region. The sudden outbreak of the pandemic in May took a toll on many local business sectors in Taiwan. During the review period, TOM Group's publishing and advertising businesses demonstrated strong resilience to these challenges and has accelerated initiatives to expand its digital segments and grow new revenue streams to capture opportunities arising from the market shift caused by the pandemic. During the review period, the group's Media Business recorded a 3.6% increase in gross revenue to HK\$835 million with operating segment profit increasing by 23.7% to HK\$74 million. Gross revenue from the Group's Technology Platform and Investments was HK\$56 million and segment profit was HK\$ 6 million. In-line with an overall strategy to focus on investing in high-growth and technology-centric sectors, TOM Group aims to further review and rebalance its investment portfolio in order to maximise value for shareholders.

Media Business

In May 2021, a major outbreak of COVID-19 hit Taiwan, resulting in negative repercussions on many business operations and the Taiwan economy as a whole. Against the backdrop of confinement measures and associated constraints under the cloud of the pandemic, advertisers cut back on advertising expenditure and promotion budgets. The Group's media and publishing arm in Taiwan, Cite, accelerated its efforts in digital business development to cater for the increase in the online needs of its advertisers, users and readers during and post pandemic. *Business Weekly*, the Group's flagship knowledge platform, has launched digital initiatives that facilitated knowledge sharing and interactive learning serving both B2B and B2C communities. In December 2021, the inaugural launch of "Knowledge Red Packet" by *Business Weekly* marked a significant milestone for the Group's efforts to rollout digital offerings targeted at its readers. The product created dynamic and engaging marketing, as well as advertising opportunities for brand owners. During the review period, the Publishing Group delivered solid growth despite COVID-19 headwinds and recorded a 5.1% increase in gross revenue to HK\$812 million with segment profit increased by 24.9% to HK\$77 million.

Meanwhile, the Group's traditional advertising business in Mainland China was disrupted by scattered outbreaks of COVID-19 cases in several provinces. During the review period, the Advertising Group recorded a gross revenue of HK\$23 million with segment loss of HK\$3 million. The Group continues to seek exit from certain non-performing outdoor media businesses.

Technology Platforms and Investments

Pixnet, the Group's Social Networking technology platform, is the largest community website in Taiwan focusing on food, lifestyle and travel, which have been among the worst-hit sectors throughout the period of the pandemic. The plummeting demand for advertising among brand owners severely affected Pixnet's revenue during the reporting period. Gross revenue decreased by 11.8% to HK\$43 million and segment loss was HK\$ 3 million. As the Government of Taiwan started to implement several stimulus programs including voucher incentives to boost the economy during the second half of the year, Pixnet is well poised to regain its growth momentum riding on its technology platform to generate new revenue streams. In October 2021, Pixnet launched "Coco" (in Chinese "叩叩" meaning knock knock), a big data-enabled and mobile-first O2O marketing platform connecting retailers, brand owners, bloggers and consumers, and creating a digital ecosystem to address their respective needs.

Ule is the Group's e-commerce joint operation with China Post. During the review period, Ule recorded a B2B GMV of RMB6.7 billion, represented an increase of 11.4% when compared to last year's figures of RMB6.0 billion. Ule entered into a subscription agreement with China Post HK on 1 November 2021. Upon completion of the subscription transaction Ule will issue new shares to China Post HK to strengthen Ule's capital base and scale up Ule's operations.

TOM Group invested in WeLab, a leading Asian fintech company in 2014. WeLab provides market-leading digital consumer finance solutions across 3 markets, WeLend in Hong Kong, WeLab Digital in Mainland China and Maucash in Indonesia, as well as one of Asia's first licensed digital banks, WeLab Bank. To date, WeLab serves around 52 million users, facilitated and originated around US\$10 billion of loans to its customers. During 2021, WeLab's digital consumer finance business achieved record-high growth in loan disbursement volume. WeLab Bank has become one of the leading digital banks in Hong Kong within its first year of operation, due to its innovative and award-winning products. WeLab also established a first-in-Asia partnership with Apple, offering an exclusive "Subscribe+ for Apple Products" subscription program in Hong Kong. In December 2021, WeLab announced that it led a consortium to acquire Bank Jasa Jakarta in Indonesia, with plans to launch its 2nd digital bank in Asia. As at 31 December 2021, TOM Group owns 7.88% in WeLab on an issued basis.

In March 2020, TOM Group invested in MioTech. MioTech leverages artificial intelligence and big data technologies to tackle sustainability and social responsibility challenges facing financial institutions, corporations, and individuals, such as climate change, carbon emission reduction and corporate governance. Its comprehensive coverage of ESG data helps financial institutions make responsible decisions with respect to green finance and investing. Its software helps corporations manage ESG reporting, improve energy efficiency, as well as track and reduce carbon emissions. Its app builds green-conscious communities and promotes low-carbon lifestyles among individuals. MioTech has offices in Hong Kong, Shanghai, Beijing, and Singapore. Its world-renowned investors include ZhenFund, Moody's, HSBC, Guotai Junan International, GIC, and J.P. Morgan. As at 31 December 2021, TOM Group owns 6.75% in MioTech on an issued basis.

For the year ended 31 December 2021, the Group recorded a 2.5% increase in revenue to HK\$889 million with a gross profit margin of 42.2%. Loss before net finance costs and taxation were HK\$37 million and loss attributable to shareholders narrowed 89.3% to HK\$114 million.

Given the ongoing uncertainties on the impact of COVID-19 on the business environment, TOM Group will remain prudent in managing its operations and investments in the Greater China region and will continue to accelerate the execution of digital innovation and transformation for its business units.

FINANCIAL REVIEW

TOM Group reports its results in five business segments under two business streams, namely E-Commerce Group, Mobile Internet Group and Social Network Group of Technology Platform and Investments, and Publishing Group and Advertising Group of Media Business.

Consolidated Revenue

The Group continued to be impacted by the global economy uncertainties as a result of COVID-19 pandemic. Nevertheless, the Group recorded a consolidated revenue of HK\$889 million, represented an increase of 2.5% compared to last year. The increase was primarily attributable to Publishing segments.

Segment Results

The segment profit/loss refers to profit/loss before finance costs and taxation, gain/loss on disposal of subsidiaries, share of results of investments accounted for using the equity method, provision for impairment of goodwill, provision for impairment in investments accounted for using the equity method and provision for impairment in amounts due from associated companies.

The Group continues with its ongoing strategy to focus on optimising the high growth e-commerce/new retail business in Ule, a material associate of the Group in Mainland China providing e-commerce platform for rural areas in China. The segment results of the E-Commerce Group were largely related to the share of result of Ule. In last year, due to the underperformance of Ule and the ongoing discussion between Ule's shareholders regarding the determination of Ule's operating targets going forward and the future financing of Ule's business, the Company had recognised provision for impairment losses of HK\$874 million, HK\$95 million and HK\$46 million for Investment in Ule in the Group's investment accounted for using the equity method, amounts due from associated companies and goodwill respectively. On 1 November 2021, Ule entered into a subscription agreement with China Post HK. Upon completion of the subscription transaction Ule will issue new shares to China Post HK to strengthen Ule's capital base and scale up Ule's operations. The subscription is subject to fulfilments of conditions and is not completed up to the date of this announcement. No impairment or reversal of impairment was made for Ule in this year.

Ule's supply chain and logistic network were still suffering from the impact of COVID-19 pandemic in 2021. Nevertheless, with the expected stronger capital base and increased operation scale upon the completion of China Post HK's share subscription, it is optimistic in long run on e-commerce/new retail market in Mainland China.

The Mobile Internet Group reported gross revenue of HK\$8 million. The segment profit of HK\$4 million was recorded in 2021 comparing to the segment loss of 5 million in last year.

The Social Network Group, represented by Pixnet, remain to be the largest social and networking website in Taiwan. Gross revenue was reported at HK\$43 million with a segment loss of HK\$3 million.

The Publishing Group continues to be the market leader in Taiwan publishing industry. Notwithstanding the COVID-19 operating environment, the Publishing Group outperformed the market by delivering a gross revenue of HK\$812 million and a segment profit of HK\$77 million, representing an increase of 5.1% and 24.9% respectively comparing to last year. The Group will remain focused on operational efficiency of this business segment while accelerating the development of digital offerings and pursuing revenue stream diversification to tap into post pandemic growth opportunities.

The traditional advertising market in Mainland China was still affected by COVID-19 pandemic. The Advertising Group recorded a gross revenue of HK\$23 million and a segment loss of HK\$3 million in 2021.

Share of Results of Investments Accounted for Using the Equity Method

The share of results is mainly contributed by the Group's share of result of Ule.

Loss before Net Finance Costs and Taxation

The Group's loss before net finance costs and taxation in 2021 amounted to HK\$37 million, narrowed by 96.5% from loss of HK\$1,072 million in last year. Excluding the effect on one-off non-cash events such as provision for impairment of goodwill of approximately HK\$46 million, provision for impairment in investments accounted for using the equity method of approximately HK\$874 million and provision for impairment in amounts due from associated companies of approximately HK\$95 million in 2020, the recurring loss before finance costs and taxation narrowed by 33.0% from HK\$56 million last year.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company for the year was HK\$114 million, compared to HK\$1,064 million in last year. The decrease in loss in this year was primarily attributable to the recognition of one-off non-cash events such as provision for impairment in investments accounted for using the equity method and provision for impairment in amounts due from associated companies in 2020.

Liquidity and Financial Resources

As at 31 December 2021, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$493 million. A total of HK\$3,857 million financing facilities were available, of which HK\$3,388 million, or 87.8%, had been utilised as at 31 December 2021, to finance the Group's investment, capital expenditures and for working capital purposes.

The principal of the total borrowings of TOM Group amounted to approximately HK\$3,388 million as at 31 December 2021, of which HK\$3,367 million and HK\$21 million equivalent are denominated in Hong Kong dollar and New Taiwan dollar respectively. The borrowings included long-term bank loans of approximately HK\$3,388 million (including portion repayable within one year). All bank loans bore floating interest rates. The gearing ratio (Total principal amount of bank borrowings/(Total principal amount of bank borrowings + Deficit/Equity)) of TOM Group was 142.5% as at 31 December 2021, compared to 138.6% as at 31 December 2020.

As at 31 December 2021, the Group had net current assets of approximately HK\$226 million, compared to the balance of approximately HK\$176 million as at 31 December 2020. The current ratio (Current assets/Current liabilities) of TOM Group was 1.35 as at 31 December 2021, compared to 1.25 as at 31 December 2020. The Group recorded net liabilities of approximately HK\$1,011 million as at 31 December 2021, compared to net liabilities of HK\$916 million as at 31 December 2020.

In 2021, net cash generated from operating activities after interest and taxation paid increased by 22.9% to HK\$172 million. Net cash outflow used in investing activities was HK\$181 million, mainly included capital expenditures of HK\$125 million and investments in financial assets at fair value through other comprehensive income of HK\$62 million. During the year, net cash inflow from financing activities amounted to HK\$40 million, mainly from the drawdown of bank loans, net of repayment, of HK\$99 million, partially offset by lease principal payment of HK\$27 million, payment of loan arrangement fee of HK\$24 million and dividends paid to non-controlling interests of subsidiaries of HK\$7 million.

Charges on Group Assets

As at 31 December 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 31 December 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 consolidated financial statements 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 31 December 2021, TOM Group had approximately 1,200 full-time employees (excluding approximately 400 full-time employees of Ule, an associated company of TOM). Employee costs, excluding Directors' emoluments, amounting to HK\$343 million for the year. All of the TOM Group companies are equal opportunity employers, with the selection and promotion of individuals being based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of TOM Group's salary and bonus system, which is reviewed annually. A wide range of benefits including medical coverage and provident funds are also provided to employees. In addition, training and development programmes are provided on an ongoing basis throughout TOM Group. Social, sporting and recreational activities were arranged during the year for the employees on a Group-wide basis. Further information in relation to our employment and labour practices is set out in the standalone Sustainability Report to be published in March 2022.

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 excluding provision for impairment of goodwill, provision for impairment in amounts due from associated companies and provision for impairment in 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.

AUDITED CONSOLIDATED RESULTS
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------|-----------------------|------------------------|
| Revenue | 2 | <u>889,370</u> | <u>867,970</u> |
| Cost of sales | | (514,208) | (508,633) |
| Selling and marketing expenses | | (139,119) | (142,547) |
| Administrative expenses | | (73,999) | (67,707) |
| Other operating expenses, net | 5 | (146,226) | (143,555) |
| Other gains, net | | 9,749 | 16,720 |
| | | <u>25,567</u> | <u>22,248</u> |
| Provision for impairment of goodwill | 3 | – | (46,333) |
| Provision for impairment in amounts due from associated companies | 3 | – | (95,080) |
| | | <u>25,567</u> | <u>(119,165)</u> |
| Share of profits less losses of investments accounted for using the equity method | | (62,969) | (78,072) |
| Provision for impairment in investments accounted for using the equity method | 3 | – | (874,444) |
| | 4 | <u>(62,969)</u> | <u>(952,516)</u> |
| Loss before net finance costs and taxation | 6 | (37,402) | (1,071,681) |
| Finance income | | 3,432 | 5,749 |
| Finance costs | | (58,599) | (81,027) |
| Finance costs, net | 7 | <u>(55,167)</u> | <u>(75,278)</u> |
| Loss before taxation | | (92,569) | (1,146,959) |
| Taxation | 8 | (14,869) | (11,196) |
| Loss for the year | | <u>(107,438)</u> | <u>(1,158,155)</u> |
| Attributable to: | | | |
| – Non-controlling interests | | <u>6,668</u> | <u>(94,222)</u> |
| – Equity holders of the Company | | <u>(114,106)</u> | <u>(1,063,933)</u> |
| Loss per share attributable to equity holders of the Company during the year | | | |
| Basic and diluted | 10 | <u>HK(2.88) cents</u> | <u>HK(26.88) cents</u> |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|--------------------|
| Loss for the year | (107,438) | (1,158,155) |
| Other comprehensive income for the year, net of tax | | |
| – Items that will not be reclassified subsequently to income statement: | | |
| Remeasurement of defined benefit plans | 5,459 | 842 |
| Revaluation surplus of financial assets at fair value through other comprehensive income | 10,373 | 39,892 |
| Share of revaluation (deficit)/surplus through other comprehensive income from an associated company | (267) | 1,221 |
| | <u>15,565</u> | <u>41,955</u> |
| – Item that may be subsequently reclassified to income statement: | | |
| Exchange translation differences | (2,908) | 26,030 |
| | <u>12,657</u> | <u>67,985</u> |
| Total comprehensive expense for the year | <u>(94,781)</u> | <u>(1,090,170)</u> |
| Total comprehensive (expense)/income for the year attributable to: | | |
| – Non-controlling interests | <u>10,938</u> | <u>(82,335)</u> |
| – Equity holders of the Company | <u>(105,719)</u> | <u>(1,007,835)</u> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

| | Note | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------|------------------|------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Fixed assets | | 28,626 | 36,486 |
| Right-of-use assets | | 27,729 | 32,760 |
| Investment properties | | 23,302 | 22,800 |
| Goodwill | | 528,380 | 528,211 |
| Other intangible assets | | 142,157 | 140,862 |
| Investments accounted for using the equity method | 4 | 158,934 | 230,470 |
| Financial assets at fair value through other comprehensive income | | 1,090,603 | 1,017,454 |
| Deferred tax assets | | 49,931 | 48,935 |
| Pension assets | | 9,680 | 4,233 |
| Other non-current assets | | 103,561 | 95,187 |
| | | <u>2,162,903</u> | <u>2,157,398</u> |
| Current assets | | | |
| Inventories | | 98,149 | 97,207 |
| Trade and other receivables | 11 | 266,426 | 311,383 |
| Restricted cash | | 6,813 | 6,691 |
| Cash and cash equivalents | | 493,485 | 452,915 |
| | | <u>864,873</u> | <u>868,196</u> |
| Current liabilities | | | |
| Trade and other payables | 12 | 568,521 | 575,604 |
| Taxation payable | | 28,438 | 24,168 |
| Long-term bank loans – current portion | | 21,038 | 33,060 |
| Short-term bank loans | | – | 34,438 |
| Lease liabilities – current portion | | 20,708 | 25,395 |
| | | <u>638,705</u> | <u>692,665</u> |
| Net current assets | | <u>226,168</u> | <u>175,531</u> |
| Total assets less current liabilities | | <u>2,389,071</u> | <u>2,332,929</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|--------------------|--------------------|
| Non-current liabilities | | |
| Deferred tax liabilities | 11,626 | 12,744 |
| Long-term bank loans – non-current portion | 3,366,768 | 3,212,651 |
| Lease liabilities – non-current portion | 7,482 | 10,020 |
| Pension obligations | 13,761 | 13,675 |
| | <u>3,399,637</u> | <u>3,249,090</u> |
| Net liabilities | <u>(1,010,566)</u> | <u>(916,161)</u> |
| EQUITY | | |
| Equity attributable to the Company's equity holders | | |
| Share capital | 395,852 | 395,852 |
| Deficits | (1,695,141) | (1,589,291) |
| Own shares held | (6,244) | (6,244) |
| | <u>(1,305,533)</u> | <u>(1,199,683)</u> |
| Non-controlling interests | 294,967 | 283,522 |
| Total deficit | <u>(1,010,566)</u> | <u>(916,161)</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| | 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 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 year | - | - | - | - | - | - | - | - | - | - | (114,106) | (114,106) | 6,668 | (107,438) |
| Other comprehensive income: | | | | | | | | | | | | | | |
| Remeasurement of defined benefit plans | - | - | - | - | - | - | - | - | - | - | 5,558 | 5,558 | (99) | 5,459 |
| Revaluation surplus of financial assets at fair value through other comprehensive income | - | - | - | - | - | - | 7,811 | - | - | - | - | 7,811 | 2,562 | 10,373 |
| Share of revaluation deficit through other comprehensive income from an associated company | - | - | - | - | - | - | (240) | - | - | - | - | (240) | (27) | (267) |
| Exchange translation differences | - | - | - | - | - | - | - | - | (4,742) | - | - | (4,742) | 1,834 | (2,908) |
| Total comprehensive income/(expense) for the year ended 31 December 2021 | - | - | - | - | - | - | 7,571 | - | (4,742) | - | (108,548) | (105,719) | 10,938 | (94,781) |
| Transactions with equity holders: | | | | | | | | | | | | | | |
| Dividends distribution to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (6,749) | (6,749) |
| Disposal of subsidiaries | - | - | - | (131) | - | - | - | - | - | - | - | (131) | 7,256 | 7,125 |
| Transfer to general reserve | - | - | - | - | - | (5,486) | - | - | - | - | 5,486 | - | - | - |
| Transfer to accumulated losses upon disposal of a financial asset at fair value through other comprehensive income | - | - | - | - | - | - | 631 | - | - | - | (631) | - | - | - |
| Transactions with equity holders | - | - | - | (131) | - | (5,486) | 631 | - | - | - | 4,855 | (131) | 507 | 376 |
| Balance at 31 December 2021 | 395,852 | (6,244) | 3,744,457 | (75,210) | 776 | 169,200 | 520,810 | 14,625 | 692,114 | 6,096 | (6,768,009) | (1,305,533) | 294,967 | (1,010,566) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

| | 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/(deficit) 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 year | - | - | - | - | - | - | - | - | - | - | (1,063,933) | (1,063,933) | (94,222) | (1,158,155) |
| Other comprehensive income: | | | | | | | | | | | | | | |
| Remeasurement of defined benefit plans | - | - | - | - | - | - | - | - | - | - | 973 | 973 | (131) | 842 |
| Revaluation surplus of financial assets at fair value through other comprehensive income | - | - | - | - | - | - | 39,126 | - | - | - | - | 39,126 | 766 | 39,892 |
| Share of revaluation surplus through other comprehensive income from an associated company | - | - | - | - | - | - | 1,099 | - | - | - | - | 1,099 | 122 | 1,221 |
| Exchange translation differences | - | - | - | - | - | - | - | - | 14,900 | - | - | 14,900 | 11,130 | 26,030 |
| Total comprehensive (expense)/income for the year ended 31 December 2020 | - | - | - | - | - | - | 40,225 | - | 14,900 | - | (1,062,960) | (1,007,835) | (82,335) | (1,090,170) |
| Transactions with equity holders: | | | | | | | | | | | | | | |
| Dividends distribution to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (6,322) | (6,322) |
| Disposal of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | 3,447 | 3,447 |
| Transfer to general reserve | - | - | - | - | - | 3,814 | - | - | - | - | (3,814) | - | - | - |
| Transfer to accumulated losses upon disposal of a financial asset at fair value through other comprehensive income | - | - | - | - | - | - | (8,167) | - | - | - | 8,167 | - | - | - |
| Transactions with equity holders | - | - | - | - | - | 3,814 | (8,167) | - | - | - | 4,353 | - | (2,875) | (2,875) |
| Balance at 31 December 2020 | 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) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

This financial information is extracted from the Group's audited consolidated financial statements, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The consolidated financial statements have been prepared under the historical cost convention except that financial assets at fair value through other comprehensive income ("FVOCI"), defined benefit plan assets, investment properties and investments accounted for using the equity method, of which the retained interests are remeasured to the fair value at the date when the Group lost control in the subsidiaries which became investments accounted for using the equity method of the Group.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

In preparing these consolidated financial statements, 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 31 December 2021, the Group had net liabilities of HK\$1,011 million. The Group also has undrawn banking facilities guaranteed by one of its substantial shareholders. Given the availability of these undrawn 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 these consolidated financial statements on a going concern basis.

In the current year, the Group has adopted all the amendments to standards and interpretation issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2021.

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

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 year ended 31 December 2021 are as follows:

| | Year ended 31 December 2021 | | | | | | | Total HK\$'000 |
|--|-------------------------------------|---|--|-----------------------|---------------------------------|----------------------------------|-----------------------|-------------------|
| | 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 | |
| Gross segment revenue | 4,543 | 8,405 | 42,716 | 55,664 | 811,614 | 23,150 | 834,764 | 890,428 |
| Inter-segment revenue | - | - | (852) | (852) | - | (206) | (206) | (1,058) |
| Net revenue from external customers | <u>4,543</u> | <u>8,405</u> | <u>41,864</u> | <u>54,812</u> | <u>811,614</u> | <u>22,944</u> | <u>834,558</u> | <u>889,370</u> |
| Timing of revenue recognition: | | | | | | | | |
| At a point in time | 47 | 2,769 | 41,864 | 44,680 | 752,979 | 2,911 | 755,890 | 800,570 |
| Over time | <u>4,496</u> | <u>5,636</u> | <u>-</u> | <u>10,132</u> | <u>58,635</u> | <u>20,033</u> | <u>78,668</u> | <u>88,800</u> |
| | <u>4,543</u> | <u>8,405</u> | <u>41,864</u> | <u>54,812</u> | <u>811,614</u> | <u>22,944</u> | <u>834,558</u> | <u>889,370</u> |
| Segment profit/(loss) before amortisation and depreciation | 5,503 | 4,863 | 2,056 | 12,422 | 225,037 | (2,508) | 222,529 | 234,951 |
| Amortisation and depreciation | <u>(3)</u> | <u>(1,099)</u> | <u>(5,098)</u> | <u>(6,200)</u> | <u>(147,573)</u> | <u>(545)</u> | <u>(148,118)</u> | <u>(154,318)</u> |
| Segment profit/(loss) | <u>5,500</u> | <u>3,764</u> | <u>(3,042)</u> | <u>6,222</u> | <u>77,464</u> | <u>(3,053)</u> | <u>74,411</u> | <u>80,633</u> |
| Other material items: | | | | | | | | |
| Gain on disposal of subsidiaries | - | - | - | - | - | 3,336 | 3,336 | 3,336 |
| Share of profits less losses of investments accounted for using the equity method | <u>(68,050)</u> | <u>536</u> | <u>-</u> | <u>(67,514)</u> | <u>4,545</u> | <u>-</u> | <u>4,545</u> | <u>(62,969)</u> |
| | <u>(68,050)</u> | <u>536</u> | <u>-</u> | <u>(67,514)</u> | <u>4,545</u> | <u>3,336</u> | <u>7,881</u> | <u>(59,633)</u> |
| Finance costs: | | | | | | | | |
| Finance income (note a) | 17 | 2,337 | 10 | 2,364 | 2,359 | 648 | 3,007 | 5,371 |
| Finance expenses | <u>-</u> | <u>(20)</u> | <u>(30)</u> | <u>(50)</u> | <u>(1,057)</u> | <u>(20)</u> | <u>(1,077)</u> | <u>(1,127)</u> |
| | <u>17</u> | <u>2,317</u> | <u>(20)</u> | <u>2,314</u> | <u>1,302</u> | <u>628</u> | <u>1,930</u> | <u>4,244</u> |
| Segment profit/(loss) before taxation | <u>(62,533)</u> | <u>6,617</u> | <u>(3,062)</u> | <u>(58,978)</u> | <u>83,311</u> | <u>911</u> | <u>84,222</u> | <u>25,244</u> |
| Unallocated corporate expenses | | | | | | | | <u>(117,813)</u> |
| Loss before taxation | | | | | | | | <u>(92,569)</u> |
| Expenditure for operating segment non-current assets | - | 233 | 826 | 1,059 | 123,961 | 726 | 124,687 | 125,746 |
| Unallocated expenditure for non-current assets | | | | | | | | <u>15,736</u> |
| Total expenditure for non-current assets | | | | | | | | <u>141,482</u> |

Note (a):

Inter-segment interest income amounted to HK\$1,941,000 was included in the finance income.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2021 are as follows:

| | As at 31 December 2021 | | | | | | | Total HK\$'000 |
|--|-------------------------------------|---|--|-----------------------|---------------------------------|----------------------------------|-----------------------|-------------------|
| | 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 | |
| Segment assets | 253,894 | 916,644 | 35,320 | 1,205,858 | 1,393,177 | 89,311 | 1,482,488 | 2,688,346 |
| Investments accounted for using the equity method | 148,655 | 3,787 | – | 152,442 | 6,492 | – | 6,492 | 158,934 |
| Unallocated assets | | | | | | | | 180,496 |
| Total assets | | | | | | | | <u>3,027,776</u> |
| Segment liabilities | 22,271 | 30,442 | 13,018 | 65,731 | 442,718 | 14,805 | 457,523 | 523,254 |
| Unallocated liabilities: | | | | | | | | |
| Corporate liabilities | | | | | | | | 87,218 |
| Current taxation | | | | | | | | 28,438 |
| Deferred taxation | | | | | | | | 11,626 |
| Borrowings | | | | | | | | 3,387,806 |
| Total liabilities | | | | | | | | <u>4,038,342</u> |

2 Turnover, revenue and segment information (Continued)

The segment results for the year ended 31 December 2020 are as follows:

| | Year ended 31 December 2020 | | | | | | | |
|--|-------------------------------------|---|--|-----------------------|---------------------------------|----------------------------------|-----------------------|--------------------|
| | Technology Platform and Investments | | | | Media Business | | | Total HK\$'000 |
| | 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 | |
| Gross segment revenue | 5,650 | 9,423 | 48,443 | 63,516 | 772,092 | 33,923 | 806,015 | 869,531 |
| Inter-segment revenue | - | - | (1,038) | (1,038) | (1) | (522) | (523) | (1,561) |
| Net revenue from external customers | <u>5,650</u> | <u>9,423</u> | <u>47,405</u> | <u>62,478</u> | <u>772,091</u> | <u>33,401</u> | <u>805,492</u> | <u>867,970</u> |
| Timing of revenue recognition: | | | | | | | | |
| At a point in time | 61 | 3,517 | 47,405 | 50,983 | 706,685 | 3,546 | 710,231 | 761,214 |
| Over time | 5,589 | 5,906 | - | 11,495 | 65,406 | 29,855 | 95,261 | 106,756 |
| | <u>5,650</u> | <u>9,423</u> | <u>47,405</u> | <u>62,478</u> | <u>772,091</u> | <u>33,401</u> | <u>805,492</u> | <u>867,970</u> |
| Segment profit/(loss) before amortisation and depreciation | 18,268 | (2,709) | 3,437 | 18,996 | 208,310 | (655) | 207,655 | 226,651 |
| Amortisation and depreciation | (3) | (2,036) | (5,436) | (7,475) | (146,284) | (1,235) | (147,519) | (154,994) |
| Segment profit/(loss) | <u>18,265</u> | <u>(4,745)</u> | <u>(1,999)</u> | <u>11,521</u> | <u>62,026</u> | <u>(1,890)</u> | <u>60,136</u> | <u>71,657</u> |
| Other material items: | | | | | | | | |
| Gain on disposal of a subsidiary | - | - | - | - | - | 2,372 | 2,372 | 2,372 |
| Provision for impairment of goodwill | (46,333) | - | - | (46,333) | - | - | - | (46,333) |
| Provision for impairment in amounts due from associated companies | (17,638) | (75,804) | - | (93,442) | - | - | - | (93,442) |
| Share of profits less losses of investments accounted for using the equity method | (81,474) | 158 | - | (81,316) | 3,244 | - | 3,244 | (78,072) |
| Provision for impairment in investments accounted for using the equity method | (874,444) | - | - | (874,444) | - | - | - | (874,444) |
| | <u>(1,019,889)</u> | <u>(75,646)</u> | <u>-</u> | <u>(1,095,535)</u> | <u>3,244</u> | <u>2,372</u> | <u>5,616</u> | <u>(1,089,919)</u> |
| Finance costs: | | | | | | | | |
| Finance income (note a) | 6 | 2,017 | 17 | 2,040 | 2,922 | 565 | 3,487 | 5,527 |
| Finance expenses | - | (66) | (72) | (138) | (1,985) | (57) | (2,042) | (2,180) |
| | <u>6</u> | <u>1,951</u> | <u>(55)</u> | <u>1,902</u> | <u>937</u> | <u>508</u> | <u>1,445</u> | <u>3,347</u> |
| Segment profit/(loss) before taxation | <u>(1,001,618)</u> | <u>(78,440)</u> | <u>(2,054)</u> | <u>(1,082,112)</u> | <u>66,207</u> | <u>990</u> | <u>67,197</u> | <u>(1,014,915)</u> |
| Unallocated corporate expenses | | | | | | | | <u>(132,044)</u> |
| Loss before taxation | | | | | | | | <u>(1,146,959)</u> |
| Expenditure for operating segment non-current assets | - | 1,936 | 2,791 | 4,727 | 142,507 | - | 142,507 | 147,234 |
| Unallocated expenditure for non-current assets | | | | | | | | <u>140</u> |
| Total expenditure for non-current assets | | | | | | | | <u>147,374</u> |

Note (a):

Inter-segment interest income amounted to HK\$2,559,000 was included in the finance income.

2 Turnover, revenue and segment information (Continued)

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

| | As at 31 December 2020 | | | | | | | Total HK\$'000 |
|--|-------------------------------------|---|--|-----------------------|---------------------------------|----------------------------------|-----------------------|-------------------|
| | 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 | |
| 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 | | | | | | | | 3,025,594 |
| 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 | | | | | | | | 3,280,149 |
| Total liabilities | | | | | | | | 3,941,755 |

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 Provision for impairment of investments accounted for using the equity method, goodwill and amounts due from associated companies

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Provision for impairment in respect of: | | |
| Investments accounted for using the equity method | – | 874,444 |
| Goodwill | – | 46,333 |
| Amounts due from associated companies | – | 95,080 |
| | <u>–</u> | <u>950,857</u> |

Note:

In 2020, given the underperformance of Ule Holdings Limited (“Ule Holdings”) and its subsidiaries (“Ule Holdings Group”), the material associated companies of the Group, the shareholders of Ule Holdings Group had evaluated different options for the strategic development of Ule Holdings Group, impairment assessments on the carrying value of investments accounted for using the equity method and goodwill attributable to the E-Commerce Group were performed and the Group considered there had been significant increase in credit risk for amounts due from Ule Holdings Group. As a result, provisions for impairment of investments accounted for using the equity method amounting to HK\$874,444,000, goodwill related to E-Commerce Group amounting to HK\$46,333,000 and amounts due from associated companies amounting to HK\$95,080,000 were recognised respectively in the year ended 31 December 2020.

4 Investments accounted for using the equity method

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

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Associated companies, as at 31 December | <u>158,934</u> | <u>230,470</u> |

The share of net losses and provision for impairment recognised in the consolidated income statement are as follows:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Associated companies, for the year ended 31 December | (62,969) | (78,072) |
| Provision for impairment in investments accounted for using the equity method (note) | <u>–</u> | <u>(874,444)</u> |
| | <u>(62,969)</u> | <u>(952,516)</u> |

Note:

As at 31 December 2020, in light of the performance and the potential options for strategic development of Ule Holdings Group, certain assumptions underlying the accounting estimate on the Ule Holdings Group’s recoverable amount had been changed since the last impairment test and management had applied an expected cash flow approach which reflects the weighted average of the possible impacts. The assessment took into account of the existing resources of Ule Holdings Group and excluded uncommitted financing arrangement as at 31 December 2020.

5 Other operating expenses, net

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Staff costs | 94,043 | 91,632 |
| Travel and entertainment | 1,435 | 1,293 |
| Provision for inventories | 18,769 | 24,457 |
| Provision for impairment of trade receivables, net | 128 | 3,352 |
| Depreciation of fixed assets | 10,127 | 12,018 |
| Depreciation of right-of-use assets | 22,314 | 24,704 |
| Amortisation of other intangible assets | 3 | 3 |
| Government subsidies related to COVID-19 | (4,802) | (16,200) |
| Other expenses | 4,209 | 2,296 |
| | <u>146,226</u> | <u>143,555</u> |

6 Loss before net finance costs and taxation

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

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Charging: | | |
| Depreciation of fixed assets | 15,509 | 17,091 |
| Depreciation of right-of-use assets | 26,990 | 29,281 |
| Amortisation of other intangible assets | 117,434 | 114,945 |
| Provision for impairment of goodwill (note 3) | – | 46,333 |
| Provision for impairment in amounts due from associated companies (note 3) | – | 95,080 |
| Provision for impairment in investments accounted for using the equity method (notes 3 and 4) | – | 874,444 |
| Fair value loss on revaluation of investment properties | 73 | – |
| | <u>159,976</u> | <u>1,177,174</u> |
| Crediting: | | |
| Dividend income from financial assets at FVOCI | 916 | 1,222 |
| Gain on disposal of subsidiaries (note a) | 3,336 | – |
| Gain on disposal of a subsidiary (note b) | – | 2,372 |
| Gain on disposal of fixed assets | 96 | 216 |
| Exchange gain, net | 5,474 | 12,909 |
| | <u>9,822</u> | <u>16,719</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, net in the consolidated income statement.

6 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 consolidated income statement for the year ended 31 December 2021.

In August 2021, a subsidiary of the Advertising Group entered into an agreement to dispose its entire interests in a subsidiary engaging in outdoor media business, at a total consideration of RMB200,000 (approximately HK\$240,000). Upon completion of the disposal of equity interests in the subsidiary, a gain on disposal of approximately HK\$1,354,000 was recognised in the consolidated income statement for the year ended 31 December 2021.

In December 2021, a subsidiary of the Advertising Group was disposed and a loss on disposal of approximately HK\$1,705,000 was recognised in the consolidated income statement for the year ended 31 December 2021.

- (b) In December 2019, a subsidiary of the Advertising Group entered into an agreement to dispose its entire interests 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 consolidated income statement for the year ended 31 December 2020.

7 Finance costs, net

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Interest and borrowing costs on bank loans | 58,116 | 80,117 |
| Interest costs on lease liabilities | 483 | 910 |
| Bank interest income | (3,432) | (5,749) |
| | <u>55,167</u> | <u>75,278</u> |

Note:

No interest has been capitalised during the year (2020: Same).

8 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 year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------------------------|------------------|------------------|
| Overseas taxation | 15,407 | 11,081 |
| Under-provision in prior years | 972 | 1,226 |
| Deferred taxation | <u>(1,510)</u> | <u>(1,111)</u> |
| Taxation charge | <u>14,869</u> | <u>11,196</u> |

9 Dividends

No dividends had been paid or declared by the Company during the year (2020: Nil).

10 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\$114,106,000 (2020: HK\$1,063,933,000) and the weighted average of 3,958,510,558 (2020: 3,958,510,558) ordinary shares in issue during the year.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the year ended 31 December 2021 (2020: Same).

11 Trade and other receivables

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Trade receivables | 223,044 | 227,867 |
| Prepayments, deposits and other receivables | 43,382 | 83,516 |
| | <u>266,426</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.

As at 31 December 2021 and 2020, the ageing analyses of the Group's trade receivables, based on terms specified in the contracts governing the relevant transactions, were as follows:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------------------------|------------------|------------------|
| Current | 109,107 | 99,761 |
| 31 – 60 days | 51,855 | 66,118 |
| 61 – 90 days | 29,698 | 28,287 |
| Over 90 days | 64,991 | 79,858 |
| | <u>255,651</u> | <u>274,024</u> |
| Less: Provision for impairment | <u>(32,607)</u> | <u>(46,157)</u> |
| | <u>223,044</u> | <u>227,867</u> |

12 Trade and other payables

| | 2021 HK\$'000 | 2020 HK\$'000 |
|-----------------------------|------------------|------------------|
| Trade payables | 131,703 | 139,728 |
| Other payables and accruals | 318,679 | 325,775 |
| Contract liabilities | 118,139 | 110,101 |
| | <u>568,521</u> | <u>575,604</u> |

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

As at 31 December 2021 and 2020, the ageing analyses of the Group's trade payables, based on terms specified in the contracts governing the relevant transactions, were as follows:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------|------------------|------------------|
| Current | 64,051 | 60,714 |
| 31 – 60 days | 14,822 | 9,051 |
| 61 – 90 days | 5,764 | 9,256 |
| Over 90 days | 47,066 | 60,707 |
| | <u>131,703</u> | <u>139,728</u> |

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 2021. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code throughout the year ended 31 December 2021, save and except Code Provision B.3 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 year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 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 year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 5 May 2022 to Tuesday, 10 May 2022, both days inclusive, during which period no transfer of shares will be effected, to determine shareholders' entitlement to attend and vote at the 2022 Annual General Meeting (or at any adjournment or postponement thereof). All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Wednesday, 4 May 2022.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday, 10 May 2022. Notice of the 2022 Annual General Meeting will be published and issued to shareholders in due course.

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

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| “Associates” | has the meaning ascribed to it in the Listing Rules |
| “B2B” | means business-to-business |
| “B2C” | means business-to-consumer |
| “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 |
| “China Post HK” | Telpe Philatelic Company Limited, a company incorporated under the laws of Hong Kong and a subsidiary of China Post |
| “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 sets 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 |
| “ESG” | means environmental, social and governance |
| “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 |

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| “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)