



TOM Group Limited

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

INTERIM REPORT

2022

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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
“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”	means Telpo 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 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
“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

Definitions

“Group” or “TOM Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“HWL”	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares ceased to be listed on the Stock Exchange on 3 June 2015
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means the main board of the Stock Exchange
“Mainland China”	means for the purpose of the segment differentiation of this 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
PO Box 309
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Grand Cayman
KY1-1104
Cayman Islands

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Principal Share Registrar
Maples Corporate Services Limited
PO 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

For the six months ended 30 June 2022, 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, comprised of its Publishing and Advertising business units, was HK\$376 million, compared to HK\$377 million in the same period last year. The gross revenue of the Group's Technology Platform and Investments was HK\$26 million.

Despite continuing sporadic disruptions caused by the COVID-19 pandemic, the Group's consolidated revenue was steady at HK\$401 million, compared to HK\$402 million in the first half of 2021. Gross profit was HK\$164 million and gross profit margin increased from 40.6% in the same period last year to 41.0%.

A reversal of impairment loss of approximately HK\$299 million, which is non-cash in nature, was recognized in relation to the Group's investments in Ule. Including this reversal of impairment loss, but partially offset by the increased net share of operating losses of HK\$36 million from Associates and unfavorable translation impacts as a result of depreciation of Renminbi, the Group's profit for the period attributable to shareholders amounted to HK\$193 million compared to a loss of HK\$62 million in the first half of 2021. Excluding the reversal of impairment loss for Ule, loss for the period attributable to shareholders increased from HK\$62 million in the first half of 2021 to HK\$76 million.

Ule, the Group's E-Commerce joint operation with China Post, continued the development of its rural New Retail and associated B2B business with a focus on supply chain innovation. B2B GMV increased from RMB3,602 million to RMB4,580 million in the period. Ule entered into a subscription agreement with China Post HK on 1 November 2021 to issue new shares to China Post HK to strengthen Ule's capital base and enable Ule to scale up its operations. In light of the very substantial progress on China Post HK's capital injection exercise in Ule in this period, the Company reassessed the recoverable amount of its investments in Ule and recognized the reversal of impairment loss of HK\$299 million referred to above. The impairment loss reversed had been recognized in 2020 results.

The Publishing Group in Taiwan maintained its leadership position in its markets during the review period. Despite the pandemic outbreak in the region, the Publishing Group showed resilience and was able to maintain its performance. Gross revenue contributed by the Publishing Group was HK\$364 million, compared to HK\$365 million in the same period last year. The segment profit increased 36.5% from HK\$26 million to HK\$36 million in this period.

Pixnet, the Group's social digital media business, continues to be the largest user-generated content platform in Taiwan. Pixnet contributed gross revenue of HK\$19 million. The segment loss narrowed by 62.5% from HK\$4 million in the same period last year to HK\$2 million.

The Group made steady progress in exiting non-performing Outdoor Media advertising businesses.

The general economy remains challenging with continuing sporadic disruptions caused by the COVID-19 pandemic. Going forward, management will remain focused on selectively pursuing growth opportunities while maintaining stable performances in our businesses. The Group will also maintain a prudent financial profile by closely monitoring operating and capital expenses and investments, and implementing disciplined cash flow and working capital management.

I would like to take this opportunity to thank our shareholders, business partners, the management and all our dedicated staff for their contributions to the Group.

Frank John Sixt
Chairman

Hong Kong, 3 August 2022

Financial Highlights

	For the six months ended	
	30 June	30 June
	2022	2021
	HK\$'000	HK\$'000
Consolidated revenue	401,004	402,299
Loss ⁽¹⁾ before reversal of provision for impairment in amounts due from associated companies and reversal of provision for impairment in investments accounted for using the equity method	(44,735)	(33,669)
Reversal of provision for impairment in amounts due from associated companies	74,161	–
Reversal of provision for impairment in investments accounted for using the equity method	225,322	–
Profit/(loss) before net finance costs and taxation	254,748	(33,669)
Profit/(loss) attributable to equity holders of the Company	193,379	(61,829)
Total comprehensive income/(expense) attributable to equity holders of the Company	162,895	(99,631)
Earnings/(loss) per share (HK cents)	4.89	(1.56)
Net liabilities	(827,967)	(1,012,001)

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

Business Review

The impact of the COVID-19 pandemic continued to present a challenging and volatile environment for businesses in the Greater China region during the first half of 2022. The highly transmissible Omicron variant caused outbreaks in major cities, including Shanghai and Guangzhou of Mainland China, Taiwan and Hong Kong. Containment measures, city-wide testing and partial city lockdowns have resulted in a further reduction of social and business activities especially in Mainland China. During the review period, TOM Group continued to demonstrate its strong resilience by capturing opportunities to accelerate its digital growth during the pandemic to deliver sustainable business results. The Group's Media Business maintained its gross revenue at HK\$376 million with segment profit increasing by 45.2% to HK\$36 million. Gross revenue from the Group's Technology Platform and Investments was HK\$26 million and segment loss was HK\$18 million.

Media Business

Cite, TOM Group's media and publishing arm in Taiwan continued its growth trajectory in digital business development. *Business Weekly* is the Group's flagship knowledge platform. During the review period, *Business Weekly*'s digital business grew rapidly, contributing to over 40% of its total advertising revenue. *Business Weekly* has pivoted from a purely traditional ad-supported subscription-based business magazine to a knowledge sharing and learning platform serving respective B2B and B2C users with an array of digital products and services. Other business units of the Publishing Group have also accelerated their efforts in expanding revenue streams by capturing digital growth in their respective businesses. During the review period, the Publishing Group maintained its gross revenue at HK\$364 million and recorded a 36.5% increase in segment profit to HK\$36 million.

Meanwhile, the Group's traditional advertising business in Mainland China was disrupted by sporadic outbreaks of COVID-19 cases in several cities. During the review period, the Advertising Group recorded a gross revenue of HK\$12 million with segment loss narrowing by 91.7% to HK\$140,000. The Group continues to seek exit from certain non-performing outdoor media businesses.

Technology Platform and Investments

Pixnet, the Group's social digital media business, remains to be the largest user-generated content platform in Taiwan focusing on food, lifestyle and travel. Although Pixnet was seriously affected by COVID-19 restrictions during the review period, it took advantage of the situation to develop a series of new digital products and services in preparation for the resumption of social and economic activities following the reopening of Taiwan. According to ComScore, a well-recognized ranking system among brand owners and advertisers on the performance of media platforms, Pixnet continues to rank top of the list on many categories including Lifestyle & Food, Travel, Technology, Family & Youth and Entertainment. During the review period, Pixnet's gross revenue recorded a slight increase of 3.3% to HK\$19 million and segment loss narrowed by 62.5% to HK\$2 million.

TOM Group invested in WeLab, a leading pan-Asian fintech platform, in 2014. WeLab operates WeLab Bank as well as multiple online financial services with leading positions in Hong Kong, Mainland China and Indonesia, with over 52 million individual users, having facilitated and originated around US\$11 billion of loans. WeLab Bank is dedicated to curating intelligent banking experiences and is one of the first fully licensed digital banks in Asia. It represents a 100% digital banking experience with comprehensive suite of innovative and award-winning products. WeLab Bank recently launched GoWealth, becoming Asia's 1st purely-digital bank to launch a digital wealth advisory solution. GoWealth is a collaboration between WeLab Bank and Allianz Global Investors, one of the world's leading asset management firms, to deliver goal-based investment experience. As of 30 June 2022, TOM Group owns 7.88% in WeLab on an issued basis.

Management's Discussion and Analysis

In March 2020, TOM Group invested in MioTech. Having cemented its leadership position in Greater China, MioTech will broaden its sustainability or “SusTech” offerings into Southeast Asia’s foremost finance hub with the opening of its Singapore office. This comes after the successful launches of its carbon and energy arm in Q4 2021 as well as its SaaS product ESGhub in Q2 2022. MioTech’s carbon team works with corporations especially across high-emitting industries to curb emissions and to develop carbon assets with its IoT-enabled carbon accounting software and net zero advisory teams. Globally, the company will tap into economies undergoing energy transition and actively participate in growing carbon markets. Its new product ESGhub also supports the corporate sector as well as its existing client base of financial institutions and investors in achieving their sustainability goals, engaging companies to report ESG data and carbon footprints to stakeholders. With said expansion of business lines, products, and international presence, MioTech is well-postured to become one of the world’s leading full-spectrum sustainability solutions providers. As at 30 June 2022, TOM Group owns 6.75% in MioTech on an issued basis.

Ule is the Group’s E-Commerce joint operation with China Post. During the review period, Ule recorded a B2B GMV of RMB4,580 million as compared to RMB3,602 million year-on-year. Ule entered into a subscription agreement with China Post HK on 1 November 2021 to issue new shares to China Post HK to strengthen Ule’s capital base and enable Ule to scale up its operations. In light of the very substantial progress on China Post HK’s capital injection exercise in Ule in this period, the Company reassessed the recoverable amount of its investments in Ule and recognized the reversal of impairment loss of HK\$299 million. The impairment loss reversed had been recognized in 2020 results.

For the six months ended 30 June 2022, the Group maintained its revenue at HK\$401 million with a gross profit margin of 41.0%. A reversal of impairment loss of approximately HK\$299 million, which is non-cash in nature, was recognized in relation to the Group’s investments in Ule. Including this reversal of impairment loss, but partially offset by the increased net share of operating losses of HK\$36 million from Associates and unfavorable translation impacts as a result of depreciation of Renminbi, the Group’s profit for the period attributable to shareholders amounted to HK\$193 million. Excluding the reversal of impairment loss for Ule, the Group’s loss for the period attributable to shareholders was HK\$76 million.

Given the ongoing uncertainties on COVID-19’s impact on the business environment, TOM Group will remain prudent in managing its operations and investments in the Greater China region and continue to capture other growth opportunities.

Group Capital Resources and Other Information

As at 30 June 2022, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$466 million. A total of HK\$3,844 million financing facilities were available, of which HK\$3,428 million or 89.2% had been utilised as at 30 June 2022, to finance the Group's investments, capital expenditures and for working capital purposes.

The principal of the total borrowings of TOM Group amounted to approximately HK\$3,428 million as at 30 June 2022, of which HK\$3,418 million and HK\$10 million equivalent were denominated in Hong Kong dollar and New Taiwan dollar respectively. The borrowings included long-term bank loans of approximately HK\$3,428 million (including portion repayable within one year). All bank loans borne floating interest rates. The gearing ratio (Total principal amount of bank borrowings/(Total principal amount of bank borrowings + Deficit)) of TOM Group was 131.8% as at 30 June 2022, compared to 142.5% as at 31 December 2021.

As at 30 June 2022, the Group had net current assets of approximately HK\$411 million, compared to approximately HK\$226 million as at 31 December 2021. The current ratio (Current assets/Current liabilities) of TOM Group as at 30 June 2022 was 1.72, compared to 1.35 as at 31 December 2021. The Group recorded net liabilities of approximately HK\$828 million as at 30 June 2022, compared to net liabilities of HK\$1,011 million as at 31 December 2021. Net cash generated from operating activities after interest and taxation paid decreased from HK\$57 million in the same period last year to HK\$26 million. Net cash outflow from investing activities was HK\$47 million, mainly included capital expenditure of approximately HK\$52 million; partially offset by dividend received of approximately HK\$5 million.

Profit/(loss) before Net Finance Costs and Taxation

For the period under review, profit before net finance costs and taxation was HK\$255 million, compared to a loss of HK\$34 million in the same period last year. The profit was mainly attributable to the recognition of reversal of provision for impairment losses which are non-cash in nature, in the period under review, of approximately HK\$225 million and approximately HK\$74 million for the Group's investments accounted for using the equity method and amounts due from associated companies respectively.

Ule entered into a subscription agreement with China Post HK on 1 November 2021 with new shares to be issued to China Post HK to strengthen Ule's capital base and enable Ule to scale up its operations. Following the execution of the subscription agreement, the Company was informed in the period that the necessary and material procedures required for completing the subscription agreement had been substantially satisfied and the remaining procedures for completion of the subscription transaction are considered to be only administrative processing procedures. The Company reassessed the recoverable amount of its investments in Ule and recognized the reversal of HK\$225 million and HK\$74 million in this period for the Group's investments accounted for using the equity method and amounts due from associated companies respectively. The impairment loss reversed had been recognized in 2020 results.

Management's Discussion and Analysis

Excluding the effect on non-cash events such as reversal of provision for impairment in investments accounted for using the equity method of approximately HK\$225 million and reversal of provision for impairment in amounts due from associated companies of approximately HK\$74 million, the recurring loss before net finance costs and taxation was HK\$45 million, compared to HK\$34 million in the same period last year. The increase was primarily attributable to the sharing of more loss from Ule as a result of more costs were incurred by Ule to expand the business and unfavorable translation impacts on investments of the Group arising from the depreciation of Renminbi during the review period.

Charges on Group Assets

As at 30 June 2022, the Group had restricted cash amounting to HK\$6 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 2022, the Group had no significant contingent liabilities.

Significant Investments

As at 30 June 2022, 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	343,831,000	3,190,831,000	10.78%
(ii) WeLab						
– Preferred shares	3,868,548	7.88%	279,736,000	877,101,000	3,190,831,000	27.49%

(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 an e-commerce/new retail business which focuses on owning and operating the mobile and internet-based e-marketplaces in rural areas of Mainland China.

During the six months ended 30 June 2022, reversal of provision for impairment in investments accounted for using the equity method of HK\$225,322,000, reversal of provision for impairment in amounts due from associated companies of HK\$74,161,000 and share of operating loss of HK\$38,349,000 in the consolidated income statement have 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 2022.

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 e-commerce/new retail business in rural areas 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 established in Asia.

During the six months ended 30 June 2022, unrealised gain of HK\$1,850,000 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 and other various investment portfolios of the Group 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

Except for the Company's announcements dated 25 July 2022 and 29 July 2022, 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 2022, TOM Group had approximately 1,200 full-time employees (excluding approximately 600 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\$162 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2021.

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this 2022 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 2022 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 2022 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 excluding reversal of provision for impairment in amounts due from associated companies and reversal of 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.



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 44, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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, 3 August 2022

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Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2022

	Note	Unaudited Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Revenue	5	401,004	402,299
Cost of sales		(236,541)	(239,011)
Selling and marketing expenses		(62,223)	(65,110)
Administrative expenses		(32,478)	(34,536)
Other operating expenses, net	7	(68,283)	(73,127)
Other (losses)/gains, net		(10,468)	3,828
		(8,989)	(5,657)
Reversal of provision for impairment in amounts due from associated companies	6	74,161	–
		65,172	(5,657)
Share of profits less losses of investments accounted for using the equity method		(35,746)	(28,012)
Reversal of provision for impairment in investments accounted for using the equity method	6	225,322	–
	16	189,576	(28,012)
Profit/(loss) before net finance costs and taxation	8	254,748	(33,669)
Finance income		1,239	1,733
Finance costs		(23,829)	(23,719)
Finance costs, net	9	(22,590)	(21,986)
Profit/(loss) before taxation		232,158	(55,655)
Taxation	10	(8,250)	(6,124)
Profit/(loss) for the period		223,908	(61,779)
Attributable to:			
– Non-controlling interests		30,529	50
– Equity holders of the Company		193,379	(61,829)
Earnings/(loss) per share attributable to equity holders of the Company during the period			
Basic and diluted	12	HK4.89 cents	HK(1.56) cents

Condensed Consolidated Interim Financial Information

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Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2022

	Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Profit/(loss) for the period	223,908	(61,779)
Other comprehensive (expense)/income for the period, net of tax		
– Item that will not be reclassified subsequently to income statement:		
Revaluation deficit of financial assets at fair value through other comprehensive income	(23,153)	(36,331)
– Item that may be subsequently reclassified to income statement:		
Exchange translation differences	(18,156)	316
	<u>(41,309)</u>	<u>(36,015)</u>
Total comprehensive income/(expense) for the period	<u>182,599</u>	<u>(97,794)</u>
Total comprehensive income/(expense) for the period attributable to:		
– Non-controlling interests	<u>19,704</u>	<u>1,837</u>
– Equity holders of the Company	<u>162,895</u>	<u>(99,631)</u>

Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2022

		Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
	Note		
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	13	23,110	28,626
Right-of-use assets		30,074	27,729
Investment properties		22,347	23,302
Goodwill	14	527,837	528,380
Other intangible assets	15	129,372	142,157
Investments accounted for using the equity method	16	351,795	158,934
Financial assets at fair value through other comprehensive income		1,065,198	1,090,603
Deferred tax assets		47,576	49,931
Pension assets		9,680	9,680
Other non-current assets	17	1,680	103,561
		2,208,669	2,162,903
Current assets			
Inventories		92,762	98,149
Trade and other receivables	18	417,188	266,426
Restricted cash	19	6,414	6,813
Cash and cash equivalents		465,798	493,485
		982,162	864,873
Current liabilities			
Trade and other payables	20	513,023	568,521
Taxation payable		24,485	28,438
Long-term bank loans – current portion	21	9,904	21,038
Lease liabilities – current portion		23,707	20,708
		571,119	638,705
Net current assets		411,043	226,168
Total assets less current liabilities		2,619,712	2,389,071

Condensed Consolidated Interim Financial Information

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Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2022

	<i>Note</i>	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		10,955	11,626
Long-term bank loans – non-current portion	21	3,417,116	3,366,768
Lease liabilities – non-current portion		6,734	7,482
Pension obligations		12,874	13,761
		<u>3,447,679</u>	<u>3,399,637</u>
Net liabilities		<u>(827,967)</u>	<u>(1,010,566)</u>
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	22	395,852	395,852
Deficits		(1,532,246)	(1,695,141)
Own shares held		(6,244)	(6,244)
		<u>(1,142,638)</u>	<u>(1,305,533)</u>
Non-controlling interests		314,671	294,967
Total deficit		<u>(827,967)</u>	<u>(1,010,566)</u>

Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2022

	Unaudited											Total deficit HK\$'000		
	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
Balance at 1 January 2022	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)
Comprehensive income:														
Profit for the period	-	-	-	-	-	-	-	-	-	-	193,379	193,379	30,529	223,908
Other comprehensive income:														
Revaluation deficit of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(21,617)	-	-	-	-	(21,617)	(1,536)	(23,153)
Exchange translation differences	-	-	-	-	-	-	-	-	(8,867)	-	-	(8,867)	(9,289)	(18,156)
Total comprehensive income/(expense) for the period ended 30 June 2022	-	-	-	-	-	-	(21,617)	-	(8,867)	-	193,379	162,895	19,704	182,599
Transaction with equity holders:														
Transfer to accumulated losses	-	-	-	-	-	(76,331)	-	-	-	76,331	-	-	-	-
Transaction with equity holders	-	-	-	-	-	(76,331)	-	-	-	76,331	-	-	-	-
Balance at 30 June 2022	395,852	(6,244)	3,744,457	(75,210)	776	92,869	499,193	14,625	683,247	6,096	(6,498,299)	(1,142,638)	314,671	(827,967)

Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2022

	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 deficit HK\$'000
							Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Accumulated losses 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)	283,522	(916,161)
Comprehensive income:													
Loss for the period	-	-	-	-	-	-	-	-	-	-	(61,829)	50	(61,779)
Other comprehensive income:													
Revaluation (deficit)/surplus of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(37,804)	-	-	-	-	1,473	(36,331)
Exchange translation differences	-	-	-	-	-	-	-	-	2	-	-	314	316
Total comprehensive (expense)/income for the period ended 30 June 2021	-	-	-	-	-	-	(37,804)	-	2	-	(61,829)	1,837	(97,794)
Transactions with equity holders:													
Disposal of subsidiaries	-	-	-	(131)	-	-	-	-	-	-	-	(131)	2,085
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)	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)	287,444	(1,012,001)

Condensed Consolidated Interim Financial Information

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2022

	Note	Unaudited Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities			
Net cash inflow from operations		51,521	72,259
Interest paid		(14,697)	(7,705)
Overseas taxation paid		(11,152)	(7,892)
Net cash from operating activities		25,672	56,662
Cash flows from investing activities			
Capital expenditures		(51,756)	(58,890)
Capital investment in a financial asset at fair value through other comprehensive income		–	(23,400)
Proceeds from disposal of fixed assets		25	29
Disposal of subsidiaries		–	(461)
Disposal of a financial asset at fair value through other comprehensive income		–	273
Dividends received		4,733	3,446
Net cash used in investing activities		(46,998)	(79,003)
Cash flows from financing activities			
New bank loans	21	51,000	78,650
Loan repayments	21	(10,088)	(50,957)
Loan arrangement fee paid		(9,730)	(8,201)
Principal elements of lease payments		(12,915)	(13,823)
Net cash from financing activities		18,267	5,669
Decrease in cash and cash equivalents		(3,059)	(16,672)
Cash and cash equivalents at 1 January		493,485	452,915
Exchange adjustment		(24,628)	3,080
Cash and cash equivalents at 30 June		465,798	439,323

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 2022 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 2021, 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 2022, the Group had net liabilities of HK\$828 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 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 2021 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 2022.

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 2021.

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 2021.

There have been no changes in the risk management policies since the year ended 31 December 2021.

(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 2022 (Unaudited)

Assets

Investment properties	–	–	22,347	22,347
Financial assets at fair value through other comprehensive income ("FVOCI") – Equity securities (note)	46,702	–	1,018,496	1,065,198

Total assets	46,702	–	1,040,843	1,087,545
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Total liabilities	–	–	–	–
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As at 31 December 2021 (Audited)

Assets

Investment properties	–	–	23,302	23,302
Financial assets at FVOCI – Equity securities (note)	61,812	–	1,028,791	1,090,603

Total assets	61,812	–	1,052,093	1,113,905
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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\$877,101,000 have been fair valued as at 30 June 2022 by an independent external valuer. As at 30 June 2022, 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 7.88% (31 December 2021: 7.88%) equity interests in WeLab as at 30 June 2022.

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 2022. The Group's policy is to recognize 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 2022:

	Investment properties <i>HK\$'000</i>	Unlisted equity securities <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022	23,302	1,028,791	1,052,093
Net revaluation deficit	–	(8,043)	(8,043)
Exchange adjustment	(955)	(2,252)	(3,207)
At 30 June 2022 (unaudited)	<u>22,347</u>	<u>1,018,496</u>	<u>1,040,843</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 – 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 2022 are as follows:

	Unaudited Six months ended 30 June 2022							
	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	2,346	3,758	19,498	25,602	364,241	11,717	375,958	401,560
Inter-segment revenue	-	-	(445)	(445)	-	(111)	(111)	(556)
Net revenue from external customers	2,346	3,758	19,053	25,157	364,241	11,606	375,847	401,004
Timing of revenue recognition:								
At a point in time	-	724	19,053	19,777	338,176	698	338,874	358,651
Over time	2,346	3,034	-	5,380	26,065	10,908	36,973	42,353
	2,346	3,758	19,053	25,157	364,241	11,606	375,847	401,004
Segment profit/(loss) before amortisation and depreciation	(10,791)	(5,675)	630	(15,836)	105,385	(94)	105,291	89,455
Amortisation and depreciation	(1)	(357)	(2,236)	(2,594)	(69,297)	(46)	(69,343)	(71,937)
Segment profit/(loss)	(10,792)	(6,032)	(1,606)	(18,430)	36,088	(140)	35,948	17,518
Other material items:								
Reversal of provision for impairment in amounts due from associated companies	13,210	59,640	-	72,850	-	-	-	72,850
Share of profits less losses of investments accounted for using the equity method	(38,349)	(120)	-	(38,469)	2,723	-	2,723	(35,746)
Reversal of provision for impairment in investments accounted for using the equity method	225,322	-	-	225,322	-	-	-	225,322
	200,183	59,520	-	259,703	2,723	-	2,723	262,426
Finance costs:								
Finance income (note a)	2	712	2	716	1,028	318	1,346	2,062
Finance expenses	-	(14)	(8)	(22)	(266)	-	(266)	(288)
	2	698	(6)	694	762	318	1,080	1,774
Segment profit/(loss) before taxation	189,393	54,186	(1,612)	241,967	39,573	178	39,751	281,718
Unallocated corporate expenses								(49,560)
Profit before taxation								232,158
Expenditure for operating segment non-current assets	-	929	3,168	4,097	51,709	-	51,709	55,806
Unallocated expenditure for non-current assets								76
Total expenditure for non-current assets								55,882

Note (a):

Inter-segment interest income amounted to HK\$822,000 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 2021 are as follows:

	Unaudited Six months ended 30 June 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	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 assets and liabilities at 30 June 2022 are as follows:

	Unaudited As at 30 June 2022							
	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	268,811	963,535	33,427	1,265,773	1,321,915	87,129	1,409,044	2,674,817
Investments accounted for using the equity method	343,831	3,516	-	347,347	4,448	-	4,448	351,795
Unallocated assets								164,219
Total assets								3,190,831
Segment liabilities	21,524	28,660	14,046	64,230	389,307	15,361	404,668	468,898
Unallocated liabilities:								
Corporate liabilities								87,440
Current taxation								24,485
Deferred taxation								10,955
Borrowings								3,427,020
Total liabilities								4,018,798

Notes to the Condensed Consolidated Interim Financial Information

5 Segment information (Continued)

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

	Audited As at 31 December 2021							
	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	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								<u>180,496</u>
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								<u>3,387,806</u>
Total liabilities								<u>4,038,342</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 Reversal of provision for impairment in investments accounted for using the equity method and amounts due from associated companies

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Reversal of provision for impairment in respect of:		
Investments accounted for using the equity method (note 16)	225,322	–
Amounts due from associated companies (note 17)	74,161	–

Note:

On 1 November 2021, Ule Holdings Limited (“Ule”) and its subsidiaries (“Ule Holdings Group”) entered into a subscription agreement (“Subscription Agreement”) with Telpo Philatelic Company Limited (“China Post HK”), a substantial shareholder of Ule and a subsidiary of China Post Group Corporation Limited. China Post HK has agreed to subscribe for 912,332,171 ordinary shares for an aggregate subscription price of US\$127,726,503.94 (“Subscription”) to strengthen Ule’s capital base and scale up Ule’s operations. Upon completion of the Subscription of Ule, the shareholding of Ule held by China Post HK increase from approximately 43.71% to 70%. The Subscription of Ule is subject to fulfilments of conditions and is not completed up to 31 December 2021.

As at 30 June 2022, substantial progress has been made for the Subscription of Ule and as of the period end only administrative processing procedures are outstanding for completion. With reference to latest completion progress of the Subscription of Ule as at 30 June 2022, it is considered Ule Holdings Group’s recoverable amount have been changed since the last impairment test and accordingly, an impairment assessment as at 30 June 2022 has been performed. In addition, the Group also considers there has been decrease in credit risk for amounts due from Ule Holdings Group. As a result of the impairment assessment of investments accounted for using the equity method and expected credit loss assessment of amounts due from associated companies, reversal of provisions for impairment in investments accounted for using the equity method amounting to HK\$225,322,000 and amounts due from associated companies amounting to HK\$74,161,000 were recognized respectively in the period ended 30 June 2022.

Details of the assumption of the recoverable amount assessment of Ule Holdings Group during the period ended 30 June 2022 are stated in note 16.

Notes to the Condensed Consolidated Interim Financial Information

7 Other operating expenses, net

	Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Staff costs	41,275	43,912
Travel and entertainment	495	716
Provision for inventories	5,557	6,713
Provision/(reversal of provision) for impairment of trade receivables, net	44	(777)
Depreciation of fixed assets	3,813	5,344
Depreciation of right-of-use assets	10,756	11,291
Amortisation of other intangible assets	1	1
Government subsidies related to COVID-19	(407)	–
Other expenses	6,749	5,927
	<u>68,283</u>	<u>73,127</u>

8 Profit/(loss) before net finance costs and taxation

Profit/(loss) before net finance costs and taxation is stated after charging/crediting the following:

	Unaudited Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Charging:		
Depreciation of fixed assets (note 13)	6,148	8,182
Depreciation of right-of-use assets	12,841	13,738
Amortisation of other intangible assets (note 15)	55,614	55,103
Exchange loss, net	10,880	–
Crediting:		
Reversal of provision for impairment in amounts due from associated companies (note 6 and 17)	74,161	–
Reversal of provision for impairment in investments accounted for using the equity method (note 6 and 16)	225,322	–
Dividend income from financial assets at FVOCI	412	–
Gain on disposal of subsidiaries (note)	–	3,687
Gain on disposal of fixed assets	–	18
Exchange gain, net	–	123

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

Notes to the Condensed Consolidated Interim Financial Information

8 Profit/(loss) before net finance costs and taxation (Continued)

Profit/(loss) before net finance costs and taxation is stated after charging/crediting the following (Continued):

Note:

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 recognized in the condensed consolidated interim income statement for the period ended 30 June 2021.

9 Finance costs, net

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	23,627	23,445
Interest costs on lease liabilities	202	274
Bank interest income	(1,239)	(1,733)
	<u>22,590</u>	<u>21,986</u>

Note:

No interest has been capitalised for the six months ended 30 June 2022 (2021: Same).

Notes to the Condensed Consolidated Interim Financial Information

10 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2021: 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	
	2022	2021
	HK\$'000	HK\$'000
Overseas taxation	8,206	6,365
Under-provision in prior years	737	1,169
Deferred taxation	(693)	(1,410)
Taxation charge	8,250	6,124

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

11 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2022 (2021: Nil).

12 Earnings/(loss) per share

(a) Basic

The calculation of basic earnings/(loss) per share is based on consolidated profit attributable to equity holders of the Company of HK\$193,379,000 (2021: loss of HK\$61,829,000) and the weighted average of 3,958,510,558 (2021: 3,958,510,558) ordinary shares in issue during the period.

(b) Diluted

Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share for the period ended 30 June 2022 (2021: Same).

Notes to the Condensed Consolidated Interim Financial Information

13 Fixed assets

	<i>HK\$'000</i>
<hr/>	
Net book value	
At 1 January 2021	36,486
Additions	4,216
Disposals	(11)
Depreciation charge	(8,182)
Exchange adjustment	(1)
	<hr/>
At 30 June 2021 (unaudited)	<u>32,508</u>
Net book value	
At 1 January 2022	28,626
Additions (note)	2,035
Disposals	(25)
Depreciation charge	(6,148)
Exchange adjustment	(1,378)
	<hr/>
At 30 June 2022 (unaudited)	<u>23,110</u>

Note:

During the period ended 30 June 2022, major fixed assets acquired by the Group were computer equipment amounting to HK\$1,957,000.

Notes to the Condensed Consolidated Interim Financial Information

14 Goodwill

	<i>HK\$'000</i>
Net book value	
At 1 January 2021	528,211
Exchange adjustment	61
At 30 June 2021 (unaudited)	<u>528,272</u>
Net book value	
At 1 January 2022	528,380
Exchange adjustment	(543)
At 30 June 2022 (unaudited)	<u>527,837</u>

15 Other intangible assets

	<i>Publishing rights HK\$'000</i>	<i>Trademarks and domain names HK\$'000</i>	<i>Total HK\$'000</i>
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	662	1	663
At 30 June 2021 (unaudited)	<u>140,980</u>	<u>116</u>	<u>141,096</u>
Net book value			
At 1 January 2022	142,085	72	142,157
Additions	49,721	–	49,721
Amortisation charge	(55,570)	(44)	(55,614)
Exchange adjustment	(6,890)	(2)	(6,892)
At 30 June 2022 (unaudited)	<u>129,346</u>	<u>26</u>	<u>129,372</u>

Notes to the Condensed Consolidated Interim Financial Information

16 Investments accounted for using the equity method

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

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Associated companies	351,795	158,934

The share of net losses and reversal of provision for impairment recognized in the condensed consolidated interim income statement are as follows:

	Unaudited Six months ended 30 June 2022 HK\$'000	2021 HK\$'000
Associated companies		
– Share of net losses	(35,746)	(28,012)
Reversal of provision for impairment in investments accounted for using the equity method (note 6 and note a)	225,322	–
	189,576	(28,012)

Interests in associated companies

Movements in interests in associated companies during the period:

	Unaudited Six months ended 30 June 2022 HK\$'000	2021 HK\$'000
At 1 January	158,934	230,470
Share of profits less losses	(35,746)	(28,012)
Reversal of provision for impairment in investments accounted for using the equity method (note 6 and note a)	225,322	–
Dividend income from associated companies	(4,321)	(5,145)
Exchange adjustment	7,606	(774)
At 30 June (unaudited)	351,795	196,539

Notes to the Condensed Consolidated Interim Financial Information

16 Investments accounted for using the equity method (Continued)

Interests in associated companies (Continued)

Note:

(a) Recoverable amount assessment for investments accounted for using the equity method

With reference to latest completion progress for the Subscription of Ule as at 30 June 2022 as mentioned in note 6, management has developed the recoverable amount of HK\$343,831,000 based on fair value less cost of disposal, which is higher than value-in-use method. The fair value measurement is categorised as level 3 and based on market approach with reference to subscription price of China Post HK as stipulated in Subscription Agreement after adjustment of control premium discount of 20%.

On 29 July 2022, the Group announced the Subscription of Ule was completed. After completion of the Subscription of Ule, Ule continues to be accounted for as an associated company of the Group and the Subscription of Ule is considered as deemed disposal transaction. It is expected a dilution gain would be recognized in consolidated income statement at completion date and the gain is subject to finalization of calculation.

Notes to the Condensed Consolidated Interim Financial Information

17 Other non-current assets

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Long-term receivables	1,680	200,884
Provision for impairment in amounts due from associated companies	–	(97,323)
	<u>1,680</u>	<u>103,561</u>
Represented by:		
Receivables from associated companies	–	101,875
Receivables from third parties	1,680	1,686
	<u>1,680</u>	<u>103,561</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 2022 HK\$'000	2021 HK\$'000
Balance as at 1 January	97,323	95,080
Reversal of provision for impairment in amounts due from associated companies (note 6)	(74,161)	–
Transfer to other receivables (note 18)	(19,369)	–
Exchange adjustment	(3,793)	758
Balance as at 30 June (unaudited)	<u>–</u>	<u>95,838</u>

Notes to the Condensed Consolidated Interim Financial Information

18 Trade and other receivables

	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Trade receivables	198,983	223,044
Prepayments, deposits and other receivables	218,205	43,382
	<u>417,188</u>	<u>266,426</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 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Current	84,494	109,107
31 – 60 days	59,456	51,855
61 – 90 days	29,102	29,698
Over 90 days	58,057	64,991
	<u>231,109</u>	<u>255,651</u>
Less: Provision for impairment	(32,126)	(32,607)
	<u>198,983</u>	<u>223,044</u>
Represented by:		
Receivables from associated companies	11	6
Receivables from third parties	198,972	223,038
	<u>198,983</u>	<u>223,044</u>

Notes to the Condensed Consolidated Interim Financial Information

18 Trade and other receivables (Continued)

The Group's prepayments, deposits and other receivables as at 30 June 2022 included amounts due from associated companies of HK\$174,839,000 (31 December 2021: HK\$474,000). As stipulated in the Subscription Agreement, amounts due from associated companies will be repaid within six months after the completion of the Subscription of Ule and the balance of HK\$174,323,000 was transferred from other non-current assets to trade and other receivables as at 30 June 2022.

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 receivables were as follows:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Balance as at 1 January	–	–
Transfer from other non-current assets (note 17)	19,369	–
Balance as at 30 June (unaudited)	19,369	–

19 Restricted cash

At 30 June 2022, NT\$24,288,000 (approximately HK\$6,414,000) (31 December 2021: NT\$24,288,000 (approximately HK\$6,813,000)) 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.

Notes to the Condensed Consolidated Interim Financial Information

20 Trade and other payables

	Unaudited 30 June 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Trade payables	110,135	131,703
Other payables and accruals	287,240	318,679
Contract liabilities	115,648	118,139
	<u>513,023</u>	<u>568,521</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 2022 <i>HK\$'000</i>	Audited 31 December 2021 <i>HK\$'000</i>
Current	49,771	64,051
31 – 60 days	12,840	14,822
61 – 90 days	6,090	5,764
Over 90 days	41,434	47,066
	<u>110,135</u>	<u>131,703</u>
Represented by:		
Payables to third parties	<u>110,135</u>	<u>131,703</u>

Notes to the Condensed Consolidated Interim Financial Information

21 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 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>
As at 1 January 2022	–	3,388,038	(232)	3,387,806
Recognition of transaction costs	–	–	(1,194)	(1,194)
Amortisation on transaction costs	–	–	542	542
Borrowings	–	51,000	–	51,000
Repayments	–	(10,088)	–	(10,088)
Exchange adjustment	–	(1,046)	–	(1,046)
As at 30 June 2022 (unaudited)	<u>–</u>	<u>3,427,904</u>	<u>(884)</u>	<u>3,427,020</u>

22 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 2021 and 1 January and 30 June 2022	<u>5,000,000,000</u>	<u>500,000</u>
Company – Issued and fully paid		
At 1 January and 30 June 2021 and 1 January and 30 June 2022	<u>3,958,510,558</u>	<u>395,852</u>

23 Pledge of assets

Save as disclosed in note 19 to the condensed consolidated interim financial information, the Group had no pledge of assets as at 30 June 2022 (31 December 2021: Nil).

Notes to the Condensed Consolidated Interim Financial Information

24 Contingent liabilities

As at 30 June 2022, the Group had no significant contingent liabilities.

25 Capital commitments

As at 30 June 2022, the Group had no significant capital commitments.

26 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	
	2022	2021
	HK\$'000	HK\$'000
Provision of services to – Associated companies	2,503	3,327

(b) Purchase of goods and services

	Unaudited Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Purchase of services payable to – Non-controlling interests of a subsidiary and their subsidiaries	661	448
Service fees payable to – CKHH and its subsidiaries	1,276	1,263

A substantial shareholder of the Company granted guarantee to the Company at a guarantee fee equivalent to 0.5% per annum (2021: Same) for aggregate principal amount outstanding under a loan facility of HK\$3,700 million (2021: Same). For the six months ended 30 June 2022, guarantee fee amounted to approximately HK\$8,423,000 was paid by the Company (2021: HK\$8,036,000) to the substantial shareholder.

Notes to the Condensed Consolidated Interim Financial Information

26 Related party transactions (Continued)

(c) Key management compensation

For the six months ended 30 June 2022, 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) (2021: Nil).

27 Subsequent events

Except for the Company's announcements dated 25 July 2022 and 29 July 2022, there is no subsequent event after the reporting period which has material impact to the condensed consolidated interim financial information of the Group.

28 Approval of interim financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 3 August 2022.

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

As at 30 June 2022, 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 2022, 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 2022, the persons or corporations (not being a Director or chief executive) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or had otherwise notified to the Company were as follows:

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
CKHH	Interest of controlled corporations	1,430,120,545 (L) (Notes 1, 2 & 3)	36.13%
CKH	Interest of controlled corporations	1,430,120,545 (L) (Notes 1, 2 & 3)	36.13%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) (Note 1)	12.03%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) (Note 1)	12.03%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) (Note 1)	12.03%
Romefield Limited	Beneficial owner	476,341,182 (L) (Note 1)	12.03%
CK Hutchison Global Investments Limited	Interest of controlled corporations	952,683,363 (L) (Note 2)	24.07%
HWL	Interest of controlled corporations	952,683,363 (L) (Note 2)	24.07%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) (Note 2)	24.07%
Easterhouse Limited	Beneficial owner	952,683,363 (L) (Note 2)	24.07%

Disclosure of Interests

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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	515,496,000 (L) (Note 7)	13.02%

(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.

- (7) Such disclosure of interests was notified to the Company by Mr. Lin Tian Maw on 11 July 2022.

Save as disclosed above, as at 30 June 2022, 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 of the Audit Committee 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 2022 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 2022.

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 2022.

Purchase, Sale or Redemption of Shares

During the six months ended 30 June 2022, 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.