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TOM Group Limited

TOM集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2383)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

CHAIRMAN'S STATEMENT

I am pleased to announce the results of TOM Group Limited and its subsidiaries (the "Group") for the six months ended 30 June 2015.

For the six months to 30 June 2015, the Group reported revenues of HK\$642 million and operating loss of HK\$102 million, 4% lower than for the same period last year. Loss attributable to shareholders, including disposal gains, was HK\$78 million.

The combination of the Mainland government's efforts in encouraging domestic consumption and the rapid expansion of internet access in rural areas of the Mainland has created a unique opportunity for Ule (www.ule.com), our e-commerce joint venture with China Post. During the reporting period, Ule continued to grow rapidly, with gross merchandise value (GMV) reaching RMB6.56 billion, a 183% year-on-year growth. The business has achieved last year's full year GMV in six months.

Ule continues to expand its footprint in rural areas. As at the end of June, more than 80,000 of China Post's branded franchised stores in rural parts of most provinces across the Mainland had joined Ule's e-commerce platform. These stores offer a wide range of products and services, from agricultural to electronics to rural finance products, meeting the daily needs of local consumers and improving their quality of life. Ule also offers supply opportunities to brand owners to reach rural customers via its offline-to-online/mobile platform, bridging the rural and urban gap.

Our Mobile Internet Group reported revenues of HK\$23 million. The management of the division has implemented cost control measures to streamline its operation. Segment loss narrowed 51% from the same period last year.

The Publishing Group maintained stable revenues of HK\$454 million and increased segment profit 16% to HK\$28 million.

The Outdoor Media Group and the Television and Entertainment Group reported revenues of HK\$84 million and HK\$73 million respectively in the period.

Going forward, TOM Group will maintain financial and operating discipline in its core business and focus on the continuing growth of Ule in the second half of 2015.

I would like to take this opportunity to thank the management and all the staff of TOM Group for their hard work and dedication.

Frank John Sixt
Chairman

Hong Kong, 14 August 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$'000	HK\$'000
Consolidated revenue	641,825	726,679
Operating loss [#] before disposal gain*	(101,551)	(105,556)
Gain on disposal of long-term investments*	56,460	174,995
(Loss)/profit attributable to equity holders of the Company	(77,749)	29,458
(Loss)/earnings per share (HK cents)	(2.00)	0.76

Including share of results of investments accounted for using the equity method

* 2015: Gain on disposal of an investment accounted for using the equity method (HK\$50,147,000) and an available-for-sale financial asset (HK\$6,313,000)

2014: Gain on disposal of investments accounted for using the equity method (HK\$174,995,000)

Business Review

In the past few years, the Group has been continuously enhancing our business portfolio and reconfiguring resources to strategically invest in the technology-centric and high growth e-commerce, internet finance and big data analytics sectors, seizing the fast growing opportunities of the Mainland government's "rural digitisation" and "Internet+" strategy.

E-Commerce: delivering strong operating KPIs

As the Mainland government is seeking to boost rural economy, rural e-commerce emerged to be a growing trend. During the review period, Ule continued its rapid growth momentum on its rural e-commerce business and delivered strong operating results.

Leveraging on the extensive network of China Post, the Ule rural e-commerce platform has covered more than 80,000 rural outlets, increased more than double from 40,000 outlets as at the end of last year. These outlets offer diversified offline and online services from concierge service to online sales of agriculture produce in most of the provinces across the nation, enabling villagers to fulfil their daily needs within the local villages from shopping, selling to financing and starting their own businesses. During the review period, Ule's GMV jumped 183% from RMB2.31 billion to RMB6.56 billion and has achieved last year's full year GMV in six months.

Investments in WeLab and Rubikloud: both achieved rapid growth

The Group invested in WeLab, a Hong Kong based online consumer finance company, and Rubikloud, a Canadian based company specialising in retail intelligence, in 2014 and 2015 respectively.

WeLab recorded 750,000 members and US\$450 million in loan applications. Loan volume jumped 5 times year-on-year in Hong Kong and grew 5.8 times quarter-on-quarter in Mainland China. Driven by WeLab's proprietary WeDefend risk management technology, the company reported zero percentage of fraud loss in China. WeLab is also partnering with Ule, major mobile phone manufacturers and social networks to further expand its China Internet finance business.

Rubikloud has been rapidly expanding its technology footprint in automated analytics and machine learning. Notable client achievements include the adoption of Rubikloud into several global health and beauty retailers. The company reported 10 times growth in revenue processed from US\$1 billion to US\$10 billion and 8 times growth in macro retail database. Additionally, Rubikloud and Ule have partnered to bring real-time data analytics and product recommendations into rural China.

Business Operations Enhanced

The Mobile Internet Group continued to enhance its operating efficiency and improve resources allocation to focus on incubating mobile games. The streamlined operation reported revenues of HK\$23 million, with segment loss significantly reduced by 51% year-on-year. The advertising environment of traditional media in Mainland China and Taiwan continues to be challenging and competitive. However, **the Publishing Group** still maintained its market leader position with reported revenues of HK\$454 million and segment profit increased 16% to HK\$28 million. **The Outdoor Media Group's** revenues amounted to HK\$84 million as the business performance was affected by weak outdoor advertising market during the reporting period. **The Television and Entertainment Group** reported revenues at HK\$73 million and continued to focus on operating efficiency and efficient use of resources.

For the six months ended 30 June 2015, the Group's revenue was HK\$642 million; operating expenses reduced 12% from the same period last year. Gross margin expanded from 33% the same period last year to 35%. Loss attributable to shareholders, including disposal gains and share of results of associated companies, was HK\$78 million.

Liquidity and Financial Resources

As at 30 June 2015, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$464 million. A total of HK\$3,430 million financing facilities were available, of which HK\$2,542 million had been utilised as at 30 June 2015, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK\$2,542 million as at 30 June 2015. These included long-term bank loans of approximately HK\$2,412 million and short-term bank loans of approximately HK\$130 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 86% as at 30 June 2015, compared to 82% as at 31 December 2014.

As at 30 June 2015, the Group had net current assets of approximately HK\$437 million, 4% higher than balance of approximately HK\$418 million as at 31 December 2014. As at 30 June 2015, the current ratio (Current assets/Current liabilities) of TOM Group was 1.49, compared to 1.45 as at 31 December 2014.

For the first six months of 2015, net cash used in operating activities amounted to HK\$53 million, 42% lower than HK\$91 million in the same period of 2014. Net cash outflow used in investing activities was HK\$77 million, mainly included capital expenditures of HK\$67 million and an investment of HK\$16 million; partially offset by proceeds from disposal of fixed assets of HK\$3 million and dividend received of HK\$3 million.

Charges on Group Assets

As at 30 June 2015, the Group had restricted cash amounting to HK\$4 million, being bank deposits mainly pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return.

Foreign Exchange Exposure

In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary, to minimise currency risk.

Contingent Liabilities

As at 30 June 2015, TOM Group had no significant contingent liabilities.

Employee Information

As at 30 June 2015, TOM Group had approximately 1,835 full-time employees. For the first six months of the year, employee costs, including Directors' emoluments, totalled HK\$223 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2014.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as operating profit/(loss) including share of results of investments accounted for using the equity method and segment profit/(loss) excluding gain on disposal of long-term investments, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported certain non-GAAP results to investors, it is considered the inclusion of non-GAAP measures provides consistency in the Group's financial reporting.

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

		Unaudited	
		Six months ended 30 June	
	Note	2015	2014
		HK\$'000	HK\$'000
Revenue	2	641,825	726,679
Cost of sales	5	(420,458)	(489,983)
Selling and marketing expenses	5	(92,764)	(108,594)
Administrative expenses	5	(72,928)	(79,894)
Other operating expenses	5	(107,026)	(120,760)
Other gains, net	5	1,251	1,610
Gain on disposal of long-term investments	3	56,460	174,995
Share of profits less losses of investments accounted for using the equity method	4	(51,451)	(34,614)
		(45,091)	69,439
Finance income	6	3,431	4,939
Finance costs	6	(35,534)	(34,830)
Finance costs, net	6	(32,103)	(29,891)
(Loss)/profit before taxation		(77,194)	39,548
Taxation	7	(9,314)	927
(Loss)/profit for the period		(86,508)	40,475
Attributable to:			
- Non-controlling interests		(8,759)	11,017
- Equity holders of the Company		(77,749)	29,458
(Loss)/earnings per share attributable to equity holders of the Company during the period			
Basic and diluted	9	HK(2.00) cents	HK0.76 cents

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
(Loss)/profit for the period	(86,508)	40,475
Items that may be subsequently reclassified to income statement:		
Revaluation surplus on available-for-sale financial assets	-	2,899
Gain previously in exchange reserve related to an associated company disposed during the period recognised in income statement	(13,514)	-
Exchange translation differences	1,137	(26,199)
Other comprehensive expense for the period, net of tax	<u>(12,377)</u>	<u>(23,300)</u>
Total comprehensive (expense)/income for the period	<u>(98,885)</u>	<u>17,175</u>
Total comprehensive (expense)/income for the period attributable to:		
- Non-controlling interests	<u>(5,799)</u>	<u>7,349</u>
- Equity holders of the Company	<u>(93,086)</u>	<u>9,826</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		116,851	122,337
Goodwill		644,926	644,778
Other intangible assets		77,810	81,129
Investments accounted for using the equity method	4	1,447,770	1,520,101
Available-for-sale financial assets		72,315	58,149
Advance to an investee company		2,183	2,183
Deferred tax assets		36,866	35,811
Other non-current assets		7,277	8,246
		<u>2,405,998</u>	<u>2,472,734</u>
Current assets			
Inventories		115,387	110,456
Trade and other receivables	10	738,814	689,638
Restricted cash		3,825	3,680
Cash and cash equivalents		463,849	535,505
		<u>1,321,875</u>	<u>1,339,279</u>
Current liabilities			
Trade and other payables	11	676,297	731,338
Taxation payable		35,739	35,446
Long-term bank loans - current portion		42,985	26,219
Short-term bank loans		129,958	127,816
		<u>884,979</u>	<u>920,819</u>
Net current assets		<u>436,896</u>	<u>418,460</u>
Total assets less current liabilities		<u>2,842,894</u>	<u>2,891,194</u>
Non-current liabilities			
Deferred tax liabilities		9,777	8,602
Non-current portion of long-term bank loans		2,368,868	2,316,681
Pension obligations		35,864	34,910
		<u>2,414,509</u>	<u>2,360,193</u>
Net assets		<u>428,385</u>	<u>531,001</u>
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		389,328	389,328
Deficits		(364,114)	(157,618)
Own shares held		(6,244)	(6,244)
		<u>18,970</u>	<u>225,466</u>
Non-controlling interests		409,415	305,535
Total equity		<u>428,385</u>	<u>531,001</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Unaudited											
	Attributable to equity holders of the Company											
	Share capital HK\$'000	Own shares held HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Available- for-sale financial assets reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total shareholders' funds HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2015	389,328	(6,244)	3,625,981	(11,186)	776	152,423	11,017	780,237	(4,716,866)	225,466	305,535	531,001
Comprehensive income:												
Loss for the period	-	-	-	-	-	-	-	-	(77,749)	(77,749)	(8,759)	(86,508)
Other comprehensive income:												
Gain previously in exchange reserve related to an associated company disposed during the period recognised in income statement	-	-	-	-	-	-	-	(13,514)	-	(13,514)	-	(13,514)
Exchange translation differences	-	-	-	-	-	-	-	(1,823)	-	(1,823)	2,960	1,137
Total comprehensive expense for the period ended 30 June 2015	-	-	-	-	-	-	-	(15,337)	(77,749)	(93,086)	(5,799)	(98,885)
Transactions with equity holders:												
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,289)	(4,289)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	941	941
Acquisition of additional interests in a subsidiary	-	-	-	9	-	-	-	-	-	9	(392)	(383)
Dilution of non-controlling interests upon capital injection in a subsidiary	-	-	-	(113,419)	-	-	-	-	-	(113,419)	113,419	-
Transactions with equity holders	-	-	-	(113,410)	-	-	-	-	-	(113,410)	109,679	(3,731)
Balance at 30 June 2015	389,328	(6,244)	3,625,981	(124,596)	776	152,423	11,017	764,900	(4,794,615)	18,970	409,415	428,385

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

Unaudited

Attributable to equity holders of the Company

	Share capital HK\$'000	Own shares held HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Available- for-sale financial assets reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total shareholders' funds HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2014	389,328	(6,244)	3,625,981	(11,186)	776	150,542	8,012	790,965	(4,631,882)	316,292	311,025	627,317
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	29,458	29,458	11,017	40,475
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets	-	-	-	-	-	-	2,899	-	-	2,899	-	2,899
Exchange translation differences	-	-	-	-	-	-	-	(22,531)	-	(22,531)	(3,668)	(26,199)
Total comprehensive income/(expense) for the period ended 30 June 2014	-	-	-	-	-	-	2,899	(22,531)	29,458	9,826	7,349	17,175
Transactions with equity holders:												
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,368)	(2,368)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	938	938
Transactions with equity holders	-	-	-	-	-	-	-	-	-	-	(1,430)	(1,430)
Balance at 30 June 2014	389,328	(6,244)	3,625,981	(11,186)	776	150,542	10,911	768,434	(4,602,424)	326,118	316,944	643,062

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation and accounting policies

This financial information is extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 which has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements of the Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in 2014 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 2015.

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

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2 Turnover, revenue and segment information

The Group has five reportable operating segments:

- E-Commerce Group - provision of services to users using the mobile and Internet-based marketplace and provision of technical services for online trading platform.
- Mobile Internet Group - provision of mobile Internet services, online advertising and commercial enterprise solutions.
- Publishing Group - magazine and book circulation, sales of publication advertising and other related products.
- Outdoor Media Group - advertising sales of outdoor media assets and provision of outdoor media services.
- Television and Entertainment Group - advertising sales in relation to satellite television channel operations, production of broadcasting programmes and provision of media sales, event production and marketing services.

Sales between segments are carried out at arm's length.

2 Turnover, revenue and segment information (Continued)

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

	Unaudited					Total HK\$'000
	Six months ended 30 June 2015					
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Gross segment revenue	7,607	22,510	454,427	84,238	73,172	641,954
Inter-segment revenue	-	-	-	-	(129)	(129)
Net revenue from external customers	<u>7,607</u>	<u>22,510</u>	<u>454,427</u>	<u>84,238</u>	<u>73,043</u>	<u>641,825</u>
Segment profit/(loss) before amortisation and depreciation	4,696	(15,474)	86,443	22	(14,357)	61,330
Amortisation and depreciation	-	(2,537)	(58,723)	(10,666)	(3,549)	(75,475)
Segment profit/(loss)	<u>4,696</u>	<u>(18,011)</u>	<u>27,720</u>	<u>(10,644)</u>	<u>(17,906)</u>	<u>(14,145)</u>
Other material items:						
Gain on disposal of long-term investments	-	-	56,460	-	-	56,460
Share of profits less losses of investments accounted for using the equity method	(50,756)	191	(886)	-	-	(51,451)
	<u>(50,756)</u>	<u>191</u>	<u>55,574</u>	<u>-</u>	<u>-</u>	<u>5,009</u>
Finance costs:						
Finance income	4	2,676	193	504	54	3,431
Finance expenses (note a)	-	-	(2,254)	-	(10,064)	(12,318)
	<u>4</u>	<u>2,676</u>	<u>(2,061)</u>	<u>504</u>	<u>(10,010)</u>	<u>(8,887)</u>
Segment profit/(loss) before taxation	<u>(46,056)</u>	<u>(15,144)</u>	<u>81,233</u>	<u>(10,140)</u>	<u>(27,916)</u>	<u>(18,023)</u>
Unallocated corporate expenses						(59,171)
Loss before taxation						<u>(77,194)</u>
Expenditure for operating segment non-current assets	-	2,065	52,432	3,183	3,177	60,857
Unallocated expenditure for non-current assets						5,742
Total expenditure for non-current assets						<u>66,599</u>

Note (a): Inter-segment interest expense amounted to HK\$9,123,000 was included in the finance expenses.

2 Turnover, revenue and segment information (Continued)

The segment results for the six months ended 30 June 2014 are as follows:

	Unaudited					Total HK\$'000
	Six months ended 30 June 2014					
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Gross segment revenue	1,870	46,799	454,960	115,810	107,579	727,018
Inter-segment revenue	-	-	-	-	(339)	(339)
Net revenue from external customers	<u>1,870</u>	<u>46,799</u>	<u>454,960</u>	<u>115,810</u>	<u>107,240</u>	<u>726,679</u>
Segment profit/(loss) before amortisation and depreciation	(3,768)	(31,685)	79,524	3,437	(10,909)	36,599
Amortisation and depreciation	(57)	(4,884)	(55,683)	(10,298)	(5,696)	(76,618)
Segment profit/(loss)	<u>(3,825)</u>	<u>(36,569)</u>	<u>23,841</u>	<u>(6,861)</u>	<u>(16,605)</u>	<u>(40,019)</u>
Other material non-cash items:						
Gain on disposal of long-term investments	174,995	-	-	-	-	174,995
Share of profits less losses of investments accounted for using the equity method	(19,203)	(140)	(15,271)	-	-	(34,614)
	<u>155,792</u>	<u>(140)</u>	<u>(15,271)</u>	<u>-</u>	<u>-</u>	<u>140,381</u>
Finance costs:						
Finance income (note a)	44	3,705	9,565	561	37	13,912
Finance expenses (note a)	-	-	(5,147)	-	(9,353)	(14,500)
	<u>44</u>	<u>3,705</u>	<u>4,418</u>	<u>561</u>	<u>(9,316)</u>	<u>(588)</u>
Segment profit/(loss) before taxation	<u>152,011</u>	<u>(33,004)</u>	<u>12,988</u>	<u>(6,300)</u>	<u>(25,921)</u>	<u>99,774</u>
Unallocated corporate expenses						(60,226)
Profit before taxation						<u>39,548</u>
Expenditure for operating segment non-current assets	-	785	55,049	6,733	5,154	67,721
Unallocated expenditure for non-current assets						5
Total expenditure for non-current assets						<u>67,726</u>

Note (a): Inter-segment interest income and inter-segment interest expenses amounted to HK\$9,261,000 and HK\$9,883,000 were included in the finance income and finance expenses respectively.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 30 June 2015 are as follows:

	Unaudited					Total
	As at 30 June 2015					
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	HK\$'000
Segment assets	114,112	478,789	1,212,791	288,602	147,811	2,242,105
Investments accounted for using the equity method	1,445,319	4,537	(2,086)	-	-	1,447,770
Unallocated assets						37,998
Total assets						3,727,873
Segment liabilities	28,894	96,963	348,195	103,400	45,602	623,054
Unallocated liabilities:						
Corporate liabilities						89,107
Current taxation						35,739
Deferred taxation						9,777
Borrowings						2,541,811
Total liabilities						3,299,488

The segment assets and liabilities at 31 December 2014 are as follows:

	Audited					Total
	As at 31 December 2014					
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	HK\$'000
Segment assets	111,047	500,183	1,185,292	299,588	142,409	2,238,519
Investments accounted for using the equity method	1,496,192	4,346	19,563	-	-	1,520,101
Unallocated assets						53,393
Total assets						3,812,013
Segment liabilities	29,866	105,731	362,483	104,643	42,616	645,339
Unallocated liabilities:						
Corporate liabilities						120,909
Current taxation						35,446
Deferred taxation						8,602
Borrowings						2,470,716
Total liabilities						3,281,012

The unallocated assets represent the corporate assets. The unallocated liabilities represent the corporate liabilities in addition to operating segment taxation payable, deferred tax liabilities and borrowings which are managed on a central basis.

3 Gain on disposal of long-term investments

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Note (a)	Note (b)
Gain on disposal of investments accounted for using the equity method	50,147	174,995
Gain on disposal of an available-for-sale financial asset	6,313	-
	<u>56,460</u>	<u>174,995</u>

Note:

- (a) In May 2015, a subsidiary of the Group entered into an agreement to dispose its entire interests in China Popular Computer Week Management Company Limited (“PCW”), an associated company, and Chongqing Zhongkepu Media Development Joint Stock Company Limited (“ZKP”), an available-for-sale financial asset, at a total consideration of approximately RMB21 million. Upon the disposal of equity interests in PCW and ZKP, a write back on consideration payable of RMB30 million is recognised and included in gain on disposal of investments accounted for using the equity method.
- (b) On 16 January 2014, a joint venture, held as to 49% by a non-wholly owned subsidiary of the Group, signed a shareholders’ agreement and a subscription agreement with several investors. Pursuant to the subscription agreement, the joint venture agreed to allot and issue and the investors agreed on a several basis to subscribe for certain Series A Preferred Shares representing 13.25% of the total share capital of the joint venture on a fully diluted basis at the aggregate investors’ subscription price of US\$110 million. Following completion of the investors’ subscription, the former joint venture became an associated company of the Group, held as to 42.51% by a non-wholly owned subsidiary of the Group, 44.24% by the joint venture partner and 13.25% by investors on a fully diluted basis. The Group recognised a dilution gain of HK\$174,995,000 in the consolidated income statement for the period on this disposal. Net gain attributable to equity holders of the Company amounted to HK\$157,499,000.

4 Investments accounted for using the equity method

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

	Unaudited	Audited
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Associated companies	<u>1,447,770</u>	<u>1,520,101</u>

4 Investments accounted for using the equity method (Continued)

The amounts recognised in the income statement are as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Associated companies	(51,451)	(30,507)
Joint ventures	-	(4,107)
	<u>(51,451)</u>	<u>(34,614)</u>

5 Operating (loss)/profit

Operating (loss)/profit is stated after charging/crediting the following:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Charging:		
Depreciation of fixed assets	22,867	27,209
Amortisation of other intangible assets	53,070	49,772
Exchange loss, net	964	-
	<u>76,901</u>	<u>77,000</u>
Crediting:		
Gain on disposal of fixed assets	1,828	169
Dividend income from an available-for-sale financial asset	387	314
Exchange gain, net	-	1,127
	<u>2,215</u>	<u>1,610</u>

6 Finance costs, net

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	34,593	33,892
Interest on other loans	941	938
	<u>35,534</u>	<u>34,830</u>
Less: Bank interest income	(3,431)	(4,939)
	<u>32,103</u>	<u>29,891</u>

7 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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/(credited) to the condensed consolidated interim income statement represents:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Overseas taxation	8,415	7,078
Under/(over)-provision in prior years	178	(8,906)
Deferred taxation	721	901
	<hr/>	<hr/>
Taxation charge/(credit)	9,314	(927)
	<hr/> <hr/>	<hr/> <hr/>

8 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2015 (2014: Nil).

9 (Loss)/earnings per share

(a) Basic

The calculation of the basic (loss)/earnings per share is based on consolidated loss attributable to the equity holders of the Company of HK\$77,749,000 (2014: profit of HK\$29,458,000) and the weighted average of 3,893,270,558 (2014: 3,893,270,558) ordinary shares in issue during the period.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the period ended 30 June 2015 as the option scheme was expired on 22 July 2014. Diluted earnings per share is equal to the basic earnings per share for the period ended 30 June 2014 as all the outstanding share options granted by the Company were lapsed.

10 Trade and other receivables

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Trade receivables	353,146	340,702
Prepayments, deposits and other receivables	385,668	348,936
	<u>738,814</u>	<u>689,638</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 150 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

The ageing analyses of the Group's trade receivables were as follows:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Current	86,918	99,419
31-60 days	87,450	78,188
61-90 days	57,370	64,121
Over 90 days	185,276	199,341
	<u>417,014</u>	<u>441,069</u>
Less: Provision for impairment	(63,868)	(100,367)
	<u>353,146</u>	<u>340,702</u>

11 Trade and other payables

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Trade payables	148,904	151,853
Other payables and accruals	527,393	579,485
	<u>676,297</u>	<u>731,338</u>

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

The ageing analyses of the Group's trade payables were as follows:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Current	35,500	46,268
31-60 days	31,043	22,660
61-90 days	12,227	11,538
Over 90 days	70,134	71,387
	<u>148,904</u>	<u>151,853</u>

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code throughout the six months ended 30 June 2015, save and except Code Provision A.5 of the Corporate Governance Code.

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for the Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Group's code of conduct regarding Directors' securities transactions. In response to specific enquiry made with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information of the Company and its subsidiary companies for the six months ended 30 June 2015 have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report will be included in the Interim Report to shareholders. The unaudited condensed consolidated interim financial information of the Company and its subsidiary companies for the six months ended 30 June 2015 have been reviewed by the Audit Committee of the Company.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

“Board”	means the board of Directors
“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)
“CKPH”	means Cheung Kong Property 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 3 June 2015 (Stock Code: 1113)
“Company” or “TOM”	means TOM Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2383)
“Corporate Governance Code”	means the Code sets out in Appendix 14 to the Listing Rules
“Director(s)”	means the director(s) of the Company
“GMV”	means Gross Merchandise Value, the total value of all orders handled or processed through Ule Group’s platform which include multiple websites, mobile applications and PC applications, regardless of whether the orders are consummated, goods and services returned or not
“Group” or “TOM Group”	means the Company and its subsidiaries
“HWL”	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares ceased to be listed on the Stock Exchange on 3 June 2015
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland” or “PRC”	means The People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“Model Code”	means Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Rubikloud”	means Rubikloud Technologies Inc., a corporation incorporated in Canada
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Ule Group”	means Ule Holdings Limited and its subsidiaries
“WeLab”	means WeLab Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability

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

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent Non-executive Directors:</i>
<i>Mr. Yeung Kwok Mung</i>	<i>Mr. Frank Sixt (Chairman)</i>	<i>Mr. Henry Cheong</i>
<i>Ms. Angela Mak</i>	<i>Ms. Debbie Chang</i>	<i>Mr. James Sha</i>
	<i>Mr. Edmond Ip</i>	<i>Mr. Albert Ip</i>
	<i>Mrs. Angelina Lee</i>	
		<i>Alternate Director:</i>
		<i>Mrs. Susan Chow</i>
		<i>(Alternate to Mr. Frank Sixt)</i>