

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TOM Group Limited

TOM集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2383)

**(I) POSITIVE PROFIT ALERT FOR THE SIX MONTHS ENDED 30 JUNE 2022;
(II) REVERSAL OF IMPAIRMENT LOSS ON INVESTMENT; AND
(III) REVERSAL OF EXPECTED CREDIT LOSS ALLOWANCE**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on a preliminary assessment of the latest unaudited consolidated financial results of the Group for 1H2022 and other information currently available to the Board, the Group expects to record the Expected Net Profit of approximately HK\$193 million for 1H2022, as compared to the Net Loss of approximately HK\$62 million for 1H2021.

The expected change from Net Loss to Expected Net Profit of the Group for 1H2022 as at the date of this announcement is mainly attributable to the Reversal of the Impairment Loss on Investments of approximately HK\$225 million and the Reversal of the Expected Credit Loss Allowance of approximately HK\$74 million, details and bases of which are set out below.

The information contained in this announcement is based on a preliminary assessment of the latest unaudited consolidated financial results of the Group for 1H2022 and other information currently available, which have not been reviewed by the auditor of the Company and the Audit Committee of the Board, and is subject to possible adjustments or changes upon further review. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for 1H2022, which is expected to be published by the Company in August 2022.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by TOM Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the latest unaudited consolidated financial results of the Group for the six months ended 30 June 2022 (“**1H2022**”) and other information currently available to the Board, the Group expects to record a net profit attributable to equity holders of the Company of approximately HK\$193 million (the “**Expected Net Profit**”) for 1H2022, as compared to the net loss attributable to equity holders of the Company of approximately HK\$62 million (the “**Net Loss**”) for the six months ended 30 June 2021 (“**1H2021**”).

Subject to the details below, the expected change from Net Loss to Expected Net Profit of the Group for 1H2022 is primarily attributable to the following:

- (i) partial reversal of the previous provision for impairment in investments accounted for using the equity method of approximately HK\$874 million arising from the Company’s carrying value in its investment in Ule Holdings Limited (“**Ule**”), which was accounted for using the equity method and previously disclosed in the annual report of the Company for the financial year ended 31 December 2020 (the “**2020 Annual Report**”), in the amount of approximately HK\$225 million (the “**Reversal of Impairment Loss on Investments**”); and
- (ii) partial reversal of the previous provision for impairment in amounts due from associated companies amounting to approximately HK\$95 million which was due from Ule, an associate of the Company held through TOM E-Commerce Limited, and arising from the Company’s investment in Ule, as disclosed in the 2020 Annual Report, in the amount of approximately HK\$74 million (the “**Reversal of Expected Credit Loss Allowance**”).

As at the date of this announcement, Ule is an associate of the Company held through TOM E-Commerce Limited, a non-wholly owned subsidiary of the Company in which the Company holds approximately 90.002% effective interest.

REVERSAL OF IMPAIRMENT LOSS ON INVESTMENTS AND REVERSAL OF EXPECTED CREDIT LOSS ALLOWANCE ARISING FROM THE COMPANY’S INVESTMENT IN ULE

Ule is an associate of the Company, in which the Company indirectly holds, through TOM E-Commerce Limited, an approximately 42.0% interest in the issued share capital of Ule as at the date of this announcement. As at the date of this announcement, Ule is also owned as to approximately 43.7% by Telpo Philatelic Company Limited (“**China Post HK**”) and approximately 14.3% by other investors.

The Group considers its interest in Ule to be a strategic investment of the Company and a material asset of the Company’s e-commerce group (which is one of the five business segments of the Company). The Company’s investment in Ule (as an associate of the Company) has been recorded in the financial statements of the Group as “*investments accounted for using the equity method*”, “*other non-current assets*” and “*trade and other receivables*”.

Based on currently available information, there are various factors which are relevant to the Company’s recognition of the Reversal of the Impairment Loss on Investments of approximately HK\$225 million and the Reversal of the Expected Credit Loss Allowance of approximately HK\$74 million. These factors include the execution of the conditional subscription agreement (the “**Subscription Agreement**”) in respect of the subscription of certain shares in Ule by China Post HK (the “**Ule Subscription**”) as disclosed by the Company in its announcement on 1 November 2021, the extent to which all the conditions precedent under the Subscription Agreement have been satisfied (or waived, where applicable) and the Ule Subscription will be completed, and ongoing discussions among Ule’s shareholders regarding the determination of Ule’s operating targets going forward and the future financials of Ule’s business.

Following the execution of the Subscription Agreement, the Company was recently informed that the necessary and material procedures required for the completion of the Ule Subscription under the Subscription Agreement had been substantially satisfied. Accordingly, it is reasonable to assume that the failure to complete the Ule Subscription will be extremely unlikely or remote, and based on the impairment assessment and the expected credit loss assessment carried out by the Company, the Company has preliminarily determined that the Reversal of the Impairment Loss on Investments of approximately HK\$225 million and the Reversal of the Expected Credit Loss Allowance of approximately HK\$74 million should be recognised in the unaudited consolidated financial results of the Group for 1H2022. As the Reversal of the Impairment Loss on Investments of approximately HK\$225 million and the Reversal of the Expected Credit Loss Allowance of approximately HK\$74 million are only accounting-related adjustments in the unaudited consolidated financial results of the Group for 1H2022 and are non-cash in nature, they will not have any material impact on the Group's current and future cash flow position and daily operations.

GENERAL

The Group is still in the course of finalising its unaudited consolidated financial statements for 1H2022. The information contained in this announcement is only based on a preliminary assessment of the latest unaudited consolidated financial results of the Group for 1H2022 and other information currently available, which have not been reviewed by the auditor of the Company and the Audit Committee of the Board, and is subject to possible adjustments or changes upon further review. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for 1H2022, which is expected to be published in August 2022.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
TOM GROUP LIMITED
Yeung Kwok Mung
Executive Director

Hong Kong, 25 July 2022

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

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

Executive Director:
Mr. Yeung Kwok Mung

Non-executive Directors:
Mr. Frank Sixt (Chairman)
Ms. Debbie Chang
Mrs. Angelina Lee

Independent non-executive Directors:
Mr. James Sha
Dr. Alex Fong
Mr. Chan Tze Leung

Alternate Director:
Mr. Dominic Lai
(Alternate to Mr. Frank Sixt)