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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 2023

CHAIRMAN'S STATEMENT

For the six months ended 30 June 2023, TOM Group continued its focus on high growth potential sectors such as China rural e-commerce/new retail, fintech and advanced data analytics.

Headwinds for the first half included a strong US\$, cost inflation and higher interest rates, all of which affected business confidence and market sentiment. As a result, the Group's consolidated revenue decreased 5.6% to HK\$379 million. Gross revenue from the Group's Media Business and Technology Platform and Investments was HK\$364 million and HK\$16 million respectively. Gross profit was HK\$155 million and gross profit margin was maintained at 41.0%.

Increased finance costs and unfavorable exchange translation weighed on earnings but were partially offset by the reversal of impairment loss in relation to Ule. The Group's loss for the period attributable to shareholders amounted to HK\$95 million. Excluding the reversal of impairment loss in relation to Ule, loss before net finance costs and taxation narrowed from HK\$45 million in the first half of 2022 to HK\$16 million.

Ule, the Group's E-Commerce joint operation with China Post, continued the development of its rural e-commerce/new retail and associated B2B business with a focus on supply chain innovation. After the completion of China Post HK's capital injection in 2022 to strengthen Ule's capital base and to enable Ule to scale up its operation with tight integration with China Post resources and services, total GMV increased by 46.0% from RMB5,878 million in the same period last year to RMB8,582 million. A reversal of impairment loss of approximately HK\$14 million, which is non-cash in nature, was recognised in relation to amount due from Ule in the period. This reversal of impairment loss is in addition to the reversal of impairment loss of approximately HK\$299 million as reported in 2022 Annual Report. The impairment loss was first recognised in 2020 Annual Report.

The Publishing Group in Taiwan maintained its leadership position in its market during the period and reported gross revenue of HK\$356 million. Despite unfavorable exchange rate translation impacts, the segment profit of Publishing Group increased from HK\$36 million to HK\$37 million in the period. The publishing markets in Taiwan remains to be challenging and the Group will continue to seek opportunities to diversify the revenue streams of this business.

Pixnet, the Group's social digital media business, continues to be the largest user-generated content platform in Taiwan. Pixnet reported gross revenue of HK\$12 million and segment loss of HK\$8 million.

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, 4 August 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
Consolidated revenue	378,672	401,004
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	(16,222)	(44,735)
Reversal of provision for impairment in amounts due from associated companies	14,471	74,161
Reversal of provision for impairment in investments accounted for using the equity method	–	225,322
(Loss)/profit before net finance costs and taxation	(1,751)	254,748
(Loss)/profit attributable to equity holders of the Company	(94,547)	193,379
Total comprehensive (expense)/income attributable to equity holders of the Company	(115,747)	162,895
(Loss)/earnings per share (HK cents)	(2.39)	4.89
Net liabilities	(1,033,804)	(827,967)

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

BUSINESS REVIEW

Despite a gradual return to normalcy in the first half 2023 with countries reopening their borders after the COVID-19 pandemic, it has remained a challenging year for business due to high inflation, rising interest rates, geopolitical tensions and a slump in exports. This has adversely impacted Taiwan's manufacturing and export-driven economy. During the review period, TOM Group continued to drive a two-pronged strategy by maintaining its revenues from traditional media businesses, while accelerating its digital business development. Meanwhile, the Group stayed focused on achieving efficiencies and reducing costs to further improve operating performance. Gross revenue from the Group's Media Business was HK\$364 million with a slight increase in segment profit to HK\$36 million. Gross revenue from the Group's Technology Platform and Investments was HK\$16 million with segment loss narrowing by 47.0% to HK\$10 million.

Media Business

Cite, TOM Group's media and publishing arm in Taiwan, is a market leader in the industry. During the review period, the Publishing Group demonstrated its innovation and resilience, and recorded a gross revenue of HK\$356 million with segment profit increasing by 1.5% to HK\$37 million. Going forward, *Business Weekly*, the Group's flagship media and knowledge platform, will continue to offer innovative digital products and services by reaching out to different types of targeted groups and addressing their needs.

During the review period, the Group's traditional advertising business in Mainland China recorded a gross revenue of HK\$8 million and segment loss was HK\$513,000.

Technology Platform and Investments

Pixnet, the Group's social digital media business, is the largest user-generated content platform in Taiwan focusing on food, lifestyle and travel. During the review period, Pixnet continued to invest in digital product and service development by fostering relationships and increasing engagement on its platform with KOLs, brands, merchants and users. Nevertheless, the export drag on Taiwan's economy and negative business sentiment caused a general decline in consumer confidence. B2B and B2C customers are taking caution in spending due to economic uncertainty. In the midst of economic headwinds in Taiwan, Pixnet's gross revenue was HK\$12 million and segment loss was HK\$8 million. Going forward, Pixnet will continue to expand its revenue streams through partnerships with industry players and will launch a variety of user-engaging activities in the coming quarters.

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 around 60 million users, WeLab has facilitated and originated around US\$13 billion of loans. WeLab uses game-changing technology to help customers access credit, save money, and enjoy their financial journey. Powered by proprietary risk management technology, patented privacy computing techniques, and advanced AI capabilities, WeLab offers mobile-based consumer financing solutions and digital banking services to retail individuals and technology solutions to enterprise customers. WeLab operates in three markets under multiple brands, including WeLend and WeLab Bank in Hong Kong, various business lines in Mainland China, Maucash and a digital bank in Indonesia. In Hong Kong, WeLab Bank is dedicated to curating intelligent banking experiences for its customers and is one of the first fully licensed digital banks in Asia. In Indonesia, WeLab and Astra completed the acquisition of Bank Jasa Jakarta in September 2022, and is currently transforming the bank into Indonesia's innovative digital bank. As at 30 June 2023, TOM Group owns 8.03% in WeLab on an issued basis.

In March 2020, TOM Group invested in MioTech. In the first half of 2023, MioTech continued to grow its market share in Sustainability Data and Software to serve Financial Institutions and Corporations. On the ESG data side, MioTech has ventured into Japanese stock coverage, in addition to its comprehensive Greater China and Singapore market coverage. MioTech's climate solutions - including physical risk, transition risk analytics, and TCFD reporting - have gained significant traction on the corporate side. Its corporate reporting software ESGhub has seen accelerated growth and adoption by corporates in the region, especially in those with a focus on supply chain. As at 30 June 2023, TOM Group owns 6.22% of MioTech on an issued basis.

Ule is the Group's E-Commerce joint operation with China Post in Mainland China. After the completion of China Post HK's capital injection in 2022 to strengthen Ule's capital base and to enable Ule to scale up its operation with tight integration with China Post resources and services, total GMV increased by 46.0% from RMB5,878 million in the same period last year to RMB8,582 million. A reversal of impairment loss of approximately HK\$14 million, which is non-cash in nature, was recognised in relation to amount due from Ule in the period. This reversal of impairment loss is in addition to the reversal of impairment loss of approximately HK\$299 million as reported in 2022 Annual Report. The impairment loss was first recognised in 2020 Annual Report.

For the six months ended 30 June 2023, the Group reported a revenue of HK\$379 million with a gross profit margin of 41.0%. The Group's loss for the period attributable to shareholders amounted to HK\$95 million. Excluding the reversal of impairment loss in relation to Ule, loss before net finance costs and taxation narrowed from HK\$45 million in the first half of 2022 to HK\$16 million.

Going forward, TOM Group will continue to prudently manage its operations and investments in the Greater China region, and accelerate its digital business development to capture market opportunities and drive further growth.

Group Capital Resources and Other Information

As at 30 June 2023, TOM Group had cash and bank balances, including short-term bank deposits but excluding pledged deposits, of approximately HK\$486 million. A total of HK\$3,720 million financing facilities were available, of which HK\$3,474 million or 93.4% had been utilised as at 30 June 2023, 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\$3,474 million as at 30 June 2023, which are denominated in Hong Kong dollar. The borrowings included long-term bank loans of approximately HK\$3,474 million. 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 142.4% as at 30 June 2023, compared to 135.6% as at 31 December 2022.

As at 30 June 2023, the Group had net current assets of approximately HK\$297 million, compared to approximately HK\$426 million as at 31 December 2022. The current ratio (Current assets/Current liabilities) of TOM Group as at 30 June 2023 was 1.55, compared to 1.73 as at 31 December 2022. The Group recorded net liabilities of approximately HK\$1,034 million as at 30 June 2023, compared to net liabilities of HK\$925 million as at 31 December 2022. Net cash from operating activities after interest and taxation paid changed from inflow of HK\$26 million in the same period last year to outflow of HK\$31 million in this period as a result of the increased borrowings interest rates. Net cash inflow from investing activities was HK\$72 million, compared to outflow of HK\$47 million in the same period last year, which was mainly due to settlement of amounts due from Ule.

(Loss)/Profit before Net Finance Costs and Taxation

For the period under review, loss before net finance costs and taxation was HK\$2 million. In the first half of 2022, substantial reversal of impairment losses of approximately HK\$225 million and approximately HK\$74 million were recognised for the Group's investments accounted for using the equity method and amounts due from associated companies respectively. A reversal of provision for impairment losses of approximately HK\$14 million in relation to the Group's amounts due from Ule was further recognised in the period under review to reflect the reduction in credit risk subsequent to settlement of amounts due from Ule in January 2023. The impairment losses being reversed in this period had been recognised in 2020 annual results.

Excluding the effect on non-cash events such as reversal of provision for impairment losses, the recurring loss before net finance costs and taxation was HK\$16 million, narrowed from HK\$45 million in the same period last year. The decrease in loss was primarily attributable to less loss was shared from associates in this period.

Charges on Group Assets

As at 30 June 2023, 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 2023, the Group had no significant contingent liabilities.

Subsequent Events

Except for the Company's announcements dated 19 July 2023, 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 2023, TOM Group had approximately 1,100 full-time employees. For the first six months of the year, employee costs, including Directors' emoluments, amounted to HK\$156 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2022.

Disclaimer: Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as profit/(loss) before net finance costs and taxation including share of results of investments accounted for using the equity method and excluding 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.

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Note	Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000
Revenue	2	<u>378,672</u>	<u>401,004</u>
Cost of sales		(223,463)	(236,541)
Selling and marketing expenses		(59,117)	(62,223)
Administrative expenses		(34,174)	(32,478)
Other operating expenses, net	5	(68,673)	(68,283)
Other gains/(losses), net	6	<u>4,470</u>	<u>(10,468)</u>
		(2,285)	(8,989)
Reversal of provision for impairment in amounts due from associated companies	3	<u>14,471</u>	<u>74,161</u>
		12,186	65,172
Share of profits less losses of investments accounted for using the equity method		(13,937)	(35,746)
Reversal of provision for impairment in investments accounted for using the equity method	3	<u>–</u>	<u>225,322</u>
	4	<u>(13,937)</u>	<u>189,576</u>
(Loss)/profit before net finance costs and taxation	7	(1,751)	254,748
Finance income		2,197	1,239
Finance costs		<u>(80,772)</u>	<u>(23,829)</u>
Finance costs, net	8	<u>(78,575)</u>	<u>(22,590)</u>
(Loss)/profit before taxation		(80,326)	232,158
Taxation	9	<u>(9,179)</u>	<u>(8,250)</u>
(Loss)/profit for the period		<u>(89,505)</u>	<u>223,908</u>
Attributable to:			
– Non-controlling interests		<u>5,042</u>	<u>30,529</u>
– Equity holders of the Company		<u>(94,547)</u>	<u>193,379</u>
(Loss)/earnings per share attributable to equity holders of the Company during the period			
Basic and diluted	11	<u>HK(2.39) cents</u>	<u>HK4.89 cents</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
(Loss)/profit for the period	(89,505)	223,908
Other comprehensive expense for the period, net of tax		
– Item that will not be reclassified to income statement:		
Revaluation deficit of financial assets at fair value through other comprehensive income	(11,720)	(23,153)
– Item that may be reclassified to income statement:		
Exchange translation differences	(5,034)	(18,156)
	<u>(16,754)</u>	<u>(41,309)</u>
Total comprehensive (expense)/income for the period	<u>(106,259)</u>	<u>182,599</u>
Total comprehensive (expense)/income for the period attributable to:		
– Non-controlling interests	<u>9,488</u>	<u>19,704</u>
– Equity holders of the Company	<u>(115,747)</u>	<u>162,895</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

		Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
	Note		
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		17,394	20,740
Right-of-use assets		27,219	19,164
Investment properties		20,677	21,246
Goodwill		509,335	509,396
Other intangible assets		131,759	135,967
Investments accounted for using the equity method	4	379,660	401,060
Financial assets at fair value through other comprehensive income		1,040,671	1,035,172
Deferred tax assets		45,133	45,793
Pension assets		2,216	2,216
Other non-current assets		99	1,676
		<u>2,174,163</u>	<u>2,192,430</u>
Current assets			
Inventories		89,232	92,778
Trade and other receivables	12	256,736	429,170
Short-term deposit with original maturity over 3 months		43,680	–
Restricted cash		6,160	6,176
Cash and cash equivalents		442,158	481,668
		<u>837,966</u>	<u>1,009,792</u>
Current liabilities			
Trade and other payables	13	507,217	534,537
Taxation payable		22,648	31,626
Lease liabilities – current portion		11,531	17,255
		<u>541,396</u>	<u>583,418</u>
Net current assets		<u>296,570</u>	<u>426,374</u>
Total assets less current liabilities		<u>2,470,733</u>	<u>2,618,804</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AS AT 30 JUNE 2023

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Non-current liabilities		
Deferred tax liabilities	9,224	9,027
Long-term bank loans – non-current portion	3,473,471	3,526,297
Lease liabilities – non-current portion	15,787	2,152
Pension obligations	6,055	6,554
	<u>3,504,537</u>	<u>3,544,030</u>
Net liabilities	<u>(1,033,804)</u>	<u>(925,226)</u>
EQUITY		
Equity attributable to the Company's equity holders		
Share capital	395,852	395,852
Deficits	(1,747,136)	(1,631,389)
Own shares held	(6,244)	(6,244)
	<u>(1,357,528)</u>	<u>(1,241,781)</u>
Non-controlling interests	323,724	316,555
Total deficit	<u>(1,033,804)</u>	<u>(925,226)</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	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	comprehensive income reserve HK\$'000	Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total shareholders' deficits HK\$'000	Non-controlling interests HK\$'000	Total deficit HK\$'000
Balance at 1 January 2023	395,852	(6,244)	3,744,457	(75,210)	776	94,280	471,295	14,625	663,549	6,096	(6,551,257)	(1,241,781)	316,555	(925,226)
Comprehensive income:														
Loss for the period	-	-	-	-	-	-	-	-	-	-	(94,547)	(94,547)	5,042	(89,505)
Other comprehensive income:														
Revaluation deficit of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(11,669)	-	-	-	-	(11,669)	(51)	(11,720)
Exchange translation differences	-	-	-	-	-	-	-	-	(9,531)	-	-	(9,531)	4,497	(5,034)
Total comprehensive (expense)/income for the period ended 30 June 2023	-	-	-	-	-	-	(11,669)	-	(9,531)	-	(94,547)	(115,747)	9,488	(106,259)
Transactions with equity holders:														
Dividend paid to non-controlling interests	-	-	-	-	-	727	-	-	-	-	-	-	(2,319)	(2,319)
Transfer to general reserve	-	-	-	-	-	-	-	-	-	(727)	-	-	-	-
Transactions with equity holders	-	-	-	-	-	727	-	-	-	(727)	-	-	(2,319)	(2,319)
Balance at 30 June 2023	395,852	(6,244)	3,744,457	(75,210)	776	95,007	459,626	14,625	654,018	6,096	(6,646,531)	(1,357,528)	323,724	(1,033,804)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited Attributable to equity holders of the Company													
	Share capital HK\$'000	Own shares held HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Fair value through other compre- hensive income reserve HK\$'000	Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total shareholders' deficits HK\$'000	Non- controlling interests HK\$'000	Total deficit HK\$'000
Balance at 1 January 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	-	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)

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 2023 which 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 2022, 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 2023, the Group had net liabilities of HK\$1,034 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.

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 2022 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 2023.

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 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.

2 Turnover, revenue and segment information (Continued)

The segment results for the six months ended 30 June 2023 are as follows:

	Unaudited Six months ended 30 June 2023							
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Social Network Group HK\$'000	Sub-total HK\$'000	Publishing Group HK\$'000	Advertising Group HK\$'000	Sub-total HK\$'000	Total HK\$'000
Gross segment revenue	-	3,330	12,201	15,531	355,531	8,244	363,775	379,306
Inter-segment revenue	-	-	(452)	(452)	-	(182)	(182)	(634)
Net revenue from external customers	-	3,330	11,749	15,079	355,531	8,062	363,593	378,672
Timing of revenue recognition:								
At a point in time	-	570	11,749	12,319	327,933	543	328,476	340,795
Over time	-	2,760	-	2,760	27,598	7,519	35,117	37,877
	-	3,330	11,749	15,079	355,531	8,062	363,593	378,672
Segment profit/(loss) before amortisation and depreciation	6,538	(7,497)	(6,229)	(7,188)	104,922	(512)	104,410	97,222
Amortisation and depreciation	(1)	(557)	(2,013)	(2,571)	(68,277)	(1)	(68,278)	(70,849)
Segment profit/(loss)	6,537	(8,054)	(8,242)	(9,759)	36,645	(513)	36,132	26,373
Other material items:								
Reversal of provision for impairment in amounts due from associated companies	3,134	11,091	-	14,225	-	-	-	14,225
Share of profits less losses of investments accounted for using the equity method	(16,839)	(187)	-	(17,026)	3,089	-	3,089	(13,937)
	(13,705)	10,904	-	(2,801)	3,089	-	3,089	288
Finance costs:								
Finance income (note a)	2	1,375	4	1,381	2,499	304	2,803	4,184
Finance expenses	-	(21)	(7)	(28)	(146)	-	(146)	(174)
	2	1,354	(3)	1,353	2,353	304	2,657	4,010
Segment profit/(loss) before taxation	(7,166)	4,204	(8,245)	(11,207)	42,087	(209)	41,878	30,671
Unallocated corporate expenses								(110,997)
Loss before taxation								(80,326)
Expenditure for operating segment non-current assets	-	1,370	119	1,489	73,442	-	73,442	74,931
Unallocated expenditure for non-current assets								-
Total expenditure for non-current assets								74,931

Note (a):

Inter-segment interest income amounted to HK\$1,987,000 was included in the finance income.

2 Turnover, revenue and 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	<u>2,346</u>	<u>3,758</u>	<u>19,053</u>	<u>25,157</u>	<u>364,241</u>	<u>11,606</u>	<u>375,847</u>	<u>401,004</u>
Timing of revenue recognition:								
At a point in time	–	724	19,053	19,777	338,176	698	338,874	358,651
Over time	<u>2,346</u>	<u>3,034</u>	<u>–</u>	<u>5,380</u>	<u>26,065</u>	<u>10,908</u>	<u>36,973</u>	<u>42,353</u>
	<u>2,346</u>	<u>3,758</u>	<u>19,053</u>	<u>25,157</u>	<u>364,241</u>	<u>11,606</u>	<u>375,847</u>	<u>401,004</u>
Segment profit/(loss) before amortisation and depreciation	(10,791)	(5,675)	630	(15,836)	105,385	(94)	105,291	89,455
Amortisation and depreciation	<u>(1)</u>	<u>(357)</u>	<u>(2,236)</u>	<u>(2,594)</u>	<u>(69,297)</u>	<u>(46)</u>	<u>(69,343)</u>	<u>(71,937)</u>
Segment profit/(loss)	<u>(10,792)</u>	<u>(6,032)</u>	<u>(1,606)</u>	<u>(18,430)</u>	<u>36,088</u>	<u>(140)</u>	<u>35,948</u>	<u>17,518</u>
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	<u>(38,349)</u>	<u>(120)</u>	<u>–</u>	<u>(38,469)</u>	<u>2,723</u>	<u>–</u>	<u>2,723</u>	<u>(35,746)</u>
Reversal of provision for impairment in investments accounted for using the equity method	<u>225,322</u>	<u>–</u>	<u>–</u>	<u>225,322</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>225,322</u>
	<u>200,183</u>	<u>59,520</u>	<u>–</u>	<u>259,703</u>	<u>2,723</u>	<u>–</u>	<u>2,723</u>	<u>262,426</u>
Finance costs:								
Finance income (note a)	2	712	2	716	1,028	318	1,346	2,062
Finance expenses	<u>–</u>	<u>(14)</u>	<u>(8)</u>	<u>(22)</u>	<u>(266)</u>	<u>–</u>	<u>(266)</u>	<u>(288)</u>
	<u>2</u>	<u>698</u>	<u>(6)</u>	<u>694</u>	<u>762</u>	<u>318</u>	<u>1,080</u>	<u>1,774</u>
Segment profit/(loss) before taxation	<u>189,393</u>	<u>54,186</u>	<u>(1,612)</u>	<u>241,967</u>	<u>39,573</u>	<u>178</u>	<u>39,751</u>	<u>281,718</u>
Unallocated corporate expenses								(49,560)
Profit before taxation								<u>232,158</u>
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								<u>55,882</u>

Note (a):

Inter-segment interest income amounted to HK\$822,000 was included in the finance income.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 30 June 2023 are as follows:

	Unaudited As at 30 June 2023							
	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	238,702	822,648	22,067	1,083,417	1,346,419	62,244	1,408,663	2,492,080
Investments accounted for using the equity method	371,897	2,988	-	374,885	4,775	-	4,775	379,660
Unallocated assets								140,389
Total assets								<u>3,012,129</u>
Segment liabilities	20,264	25,521	10,120	55,905	378,323	13,486	391,809	447,714
Unallocated liabilities:								92,876
Corporate liabilities								22,648
Current taxation								9,224
Deferred taxation								3,473,471
Borrowings								
Total liabilities								<u>4,045,933</u>

The segment assets and liabilities at 31 December 2022 are as follows:

	Audited As at 31 December 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	268,044	937,358	28,983	1,234,385	1,348,525	63,606	1,412,131	2,646,516
Investments accounted for using the equity method	390,638	3,257	-	393,895	7,165	-	7,165	401,060
Unallocated assets								154,646
Total assets								<u>3,202,222</u>
Segment liabilities	20,652	25,103	11,813	57,568	398,610	12,847	411,457	469,025
Unallocated liabilities:								91,473
Corporate liabilities								31,626
Current taxation								9,027
Deferred taxation								3,526,297
Borrowings								
Total liabilities								<u>4,127,448</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.

3 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	
	2023	2022
	HK\$'000	HK\$'000
Reversal of provision for impairment in respect of:		
Investments accounted for using the equity method (note 4)	–	225,322
Amounts due from associated companies	14,471	74,161
	<u>14,471</u>	<u>74,161</u>

Note:

For the period ended 30 June 2023, a reversal of provision for impairment amounting to HK\$14,471,000 in relation to the Group's amounts due from associated companies has been further recognised in the condensed consolidated interim income statement to reflect the reduction in credit risk for amounts due from Ule Holdings Limited ("Ule") and its subsidiaries ("Ule Holdings Group") subsequent to the settlement of RMB155,000,000 from Ule.

As at 30 June 2022, substantial progress had been made for the subscription of Ule and as of the period end only administrative processing procedures were outstanding for completion. With reference to latest completion progress of the subscription of Ule, it was considered Ule Holdings Group's recoverable amount had been changed since the last impairment test and accordingly, an impairment assessment as at 30 June 2022 had been performed. In addition, the Group also considered there had been reduction 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 recognised respectively in the period ended 30 June 2022.

4 Investments accounted for using the equity method

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

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Associated companies	379,660	401,060

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

	Unaudited Six months ended 30 June 2023 HK\$'000	2022 HK\$'000
Associated companies – Share of net losses	(13,937)	(35,746)
Reversal of provision for impairment in investments accounted for using the equity method (note 3 and note (i))	–	225,322
	<u>(13,937)</u>	<u>189,576</u>

Note:

- (i) During the period ended 30 June 2023, management has assessed and considered there is no indicator for further impairment or reversal of impairment on the carrying value of investments accounted for using the equity method.

As at 30 June 2022, with reference to latest completion progress for the subscription of Ule as mentioned in note 3, management had developed the recoverable amount of HK\$343,831,000 based on fair value less cost of disposal, which was higher than value-in-use method. The fair value measurement was 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%.

5 Other operating expenses, net

	Unaudited Six months ended 30 June 2023 HK\$'000	2022 HK\$'000
Staff costs	41,361	41,275
Travel and entertainment	597	495
Provision for inventories	6,425	5,557
(Reversal of provision)/provision for impairment of trade receivables, net	(356)	44
Depreciation of fixed assets	3,386	3,813
Depreciation of right-of-use assets	10,662	10,756
Amortisation of other intangible assets	1	1
Government subsidies related to COVID-19	–	(407)
Other expenses	6,597	6,749
	<u>68,673</u>	<u>68,283</u>

6 Other gains/(losses), net

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Dividend income from financial assets at fair value through other comprehensive income	726	412
Gain on disposal of fixed assets	89	–
Exchange gain/(loss), net	3,655	(10,880)
	<u>4,470</u>	<u>(10,468)</u>

7 (Loss)/profit before net finance costs and taxation

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Charging:		
Depreciation of fixed assets	5,196	6,148
Depreciation of right-of-use assets	12,586	12,841
Amortisation of other intangible assets	55,721	55,614
Exchange loss, net	–	10,880
	<u>–</u>	<u>–</u>
Crediting:		
Reversal of provision for impairment in amounts due from associated companies (note 3)	14,471	74,161
Reversal of provision for impairment in investments accounted for using the equity method (notes 3 and 4)	–	225,322
Dividend income from financial assets at fair value through other comprehensive income	726	412
Gain on disposal of fixed assets	89	–
Exchange gain, net	3,655	–
	<u>–</u>	<u>–</u>

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

8 Finance costs, net

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	80,577	23,627
Interest costs on lease liabilities	195	202
Bank interest income	(2,197)	(1,239)
	<u>78,575</u>	<u>22,590</u>

Note:

No interest has been capitalised for the six months ended 30 June 2023 (2022: Same).

9 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 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	
	2023	2022
	HK\$'000	HK\$'000
Overseas taxation	7,161	8,206
Under-provision in prior years	1,113	737
Deferred taxation	905	(693)
Taxation charge	<u>9,179</u>	<u>8,250</u>

10 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2023 (2022: Nil).

11 (Loss)/earnings per share

(a) Basic

The calculation of basic (loss)/earnings per share is based on consolidated loss attributable to equity holders of the Company of HK\$94,547,000 (2022: profit of HK\$193,379,000) and the weighted average of 3,958,510,558 (2022: 3,958,510,558) ordinary shares in issue during the period.

(b) Diluted

Diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share for the period ended 30 June 2023 (2022: Same).

12 Trade and other receivables

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Trade receivables	197,689	212,379
Prepayments, deposits and other receivables	59,047	216,791
	<u>256,736</u>	<u>429,170</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 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Current	98,434	128,382
31 – 60 days	37,503	41,535
61 – 90 days	27,998	21,918
Over 90 days	63,092	50,775
	<u>227,027</u>	<u>242,610</u>
Less: Provision for impairment	<u>(29,338)</u>	<u>(30,231)</u>
	<u>197,689</u>	<u>212,379</u>

13 Trade and other payables

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Trade payables	110,856	115,690
Other payables and accruals	282,572	311,929
Contract liabilities	113,789	106,918
	<u>507,217</u>	<u>534,537</u>

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 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Current	52,840	59,291
31 – 60 days	11,286	9,057
61 – 90 days	6,148	5,217
Over 90 days	40,582	42,125
	<u>110,856</u>	<u>115,690</u>

SUSTAINABILITY

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its corporate social responsibility and sustainability objectives to the strategic development of its businesses. The collaborative approach of the Group supports the United Nations Sustainable Development Goals through the Group's overall sustainability approach and priorities under four pillars of Business, People, Environment and Community. The sustainability governance structure of the Group provides a solid foundation for developing and delivering on its commitment to sustainability. It is embedded at all levels of the Group, including the Board, the Sustainability Committee, the Audit Committee and business units. This governance structure guides the Group in implementing sustainability strategies, managing goals, setting targets and reporting processes, strengthening relationships with its stakeholders, and ensuring accountability across its businesses.

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 2023 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 2023 have been reviewed by the Audit Committee of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholder value.

The Company has complied throughout the six months ended 30 June 2023 with all applicable code provisions of the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made, all Directors have confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE STRATEGY

The principle objective of the Company is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings and cash flow without compromising the Group's financial strength and stability. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. The Chairman's Statement, and Management Discussion and Analysis contained in this Announcement include discussions and analyses of the Group's performance, the basis on which the Group generates or preserves value in the longer term and delivers the Group's objections. The Group is increasingly focusing on sustainability and delivering business solutions that support social and environmental challenges. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the standalone Sustainability Report of the Group.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of the operations of the Group contained in this announcement are historical in nature, and past performance is no guarantee of future results of the Group. Any forward-looking statements and opinions contained within 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

“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 sets out in Appendix 14 to the Listing Rules
“COVID-19”	means the infectious disease caused by a newly discovered coronavirus
“Director(s)”	means the director(s) of the Company
“ESG”	means environmental, social and governance

“GMV”	means Gross Merchandise Value, the total value of all orders handled or processed through Ule Group’s platform which includes multiple websites, mobile applications and PC applications, regardless of whether the orders are consummated, goods and services returned or not
“Group” or “TOM Group”	means the Company and its subsidiaries
“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, which was listed on the Stock Exchange until it was privatised in June 2015
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	means the main board of the Stock Exchange
“Mainland China”	means for the purpose of the segment differentiation of this announcement, the People’s Republic of China, excluding coverage of Hong Kong, Macau Special Administrative Region and Taiwan region
“Media Business”	means two reportable operating segments of Publishing Group and Advertising Group
“MioTech”	means Mioying Holdings Inc., a company incorporated in the Cayman Islands with limited liability
“Model Code”	means Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Technology Platform and Investments”	means three reportable operating segments of E-Commerce Group, Social Network Group and Mobile Internet Group; and investments in Fintech and Advanced Data Analytics sectors

“Ule” or “Ule Group” means Ule Holdings Limited or Ule Holdings Limited and its subsidiaries, a material associate of the Company which undertakes an e-commerce/new retail business in Mainland China and from time to time raises funds for its growing business

“WeLab” means WeLab Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability

* *For identification purposes only*

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:

<i>Executive Director:</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. James Sha</i>
	<i>Ms. Debbie Chang</i>	<i>Dr. Alex Fong</i>
	<i>Mrs. Angelina Lee</i>	<i>Mr. Chan Tze Leung</i>
		<i>Alternate Director:</i>
		<i>Mr. Dominic Lai</i>
		<i>(Alternate to Mr. Frank Sixt)</i>