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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 2024

CHAIRMAN'S STATEMENT

For the six months ended 30 June 2024, TOM Group continued to focus on our growth opportunities including our investments in China rural e-commerce/supply chain, fintech and advanced data analytics.

The strong US dollar, geopolitical volatility, global inflation and interest rates continued to affect business confidence and customer spending. As a result, the Group's consolidated revenue decreased 9.6% to HK\$342 million. Gross revenue from the Group's Media Business and Technology Platform and Investments was HK\$332 million and HK\$10 million respectively. Gross profit was HK\$137 million and gross profit margin was maintained at 40.2%.

Due to increased finance costs and unfavorable exchange translation that weighed on earnings in this period, the Group's underlying loss for the period attributable to shareholders was HK\$145 million. Excluding the one-off effect of reversal of impairment loss of approximately HK\$14 million in relation to Ule in the first half of 2023, loss before net finance costs and taxation increased from HK\$16 million in the first half of 2023 to HK\$27 million.

Ule, the Group's investment in E-Commerce business with China Post, continued the development of its rural e-commerce business with a focus on supply chain innovation. Net loss of Ule narrowed by 40.8% from the same period last year to RMB33 million. No reversal of impairment loss was recognised in the period under review.

The Publishing Group in Taiwan remained the leader in its markets during the period. Despite unfavorable exchange rate translation, the impacts of geopolitical volatility and the slowdown of business activities associated with elections held in the first half of 2024, the Publishing Group showed resilience and delivered gross revenue of HK\$328 million and segment profit of HK\$22 million in the period. The publishing markets in Taiwan remain challenging and the Group will continue to seek opportunities to diversify its revenue streams and step up the digital adoption 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\$8 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, 5 August 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June 2024	30 June 2023
	HK\$'000	HK\$'000
Consolidated revenue	342,339	378,672
Loss ⁽¹⁾ before reversal of provision for impairment in amounts due from associated companies	(26,885)	(16,222)
Reversal of provision for impairment in amounts due from associated companies	–	14,471
Loss before net finance costs and taxation	(26,885)	(1,751)
Loss attributable to equity holders of the Company	(145,414)	(94,547)
Total comprehensive expense attributable to equity holders of the Company	(249,465)	(115,747)
Loss per share (HK cents)	(3.67)	(2.39)
Net liabilities	(1,551,841)	(1,033,804)

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

BUSINESS REVIEW

In the first half of 2024, geopolitical volatility and economic concerns continued to present a challenging operating environment for businesses in the Greater China region. During the review period, TOM Group stayed focused on achieving efficiencies and optimising costs to further enhance operating performance. Gross revenue from the Group's Media Business was HK\$332 million with a segment profit of HK\$22 million. Gross revenue from the Group's Technology and Investments was HK\$10 million with a segment loss of HK\$14 million.

Media Business

Cite, TOM Group's media and publishing arm in Taiwan, is a market leader in the industry. During the review period, Cite continued to optimise its operations and content products as well as expand new revenue streams with innovative digital offerings for its users and clients. Amid the slowdown of economic activity in the first quarter of 2024 associated with the elections in Taiwan, the Publishing Group recorded a 7.8% decrease in gross revenue to HK\$328 million with a segment profit of HK\$22 million during the review period.

Technology Platform and Investments

Pixnet is the Group's social media business and is morphing into a multimedia social platform allowing users, KOLs, brands and merchants to share meaningful print and video content to unveil the best of Taiwan in terms of food, lifestyle and travel. During the review period, Taiwan's 2024 elections impacted investor sentiment and advertising spend. Pixnet's business was adversely affected by the geopolitical and economic uncertainty in Taiwan and recorded a gross revenue of HK\$8 million with a segment loss of HK\$8 million. As Taiwan's economy is expected to have a modest recovery in the second half of 2024, Pixnet will continue to focus on cost optimisation while developing new products and services that cater to the evolving user preference for watching short-form content in order to capture growth opportunities in the online video platforms market.

TOM Group invested in WeLab, a leading pan-Asian fintech platform, in 2014. WeLab operates two digital banks as well as multiple online financial services in Hong Kong, Mainland China, Indonesia, and Malaysia. With more than 64 million users, WeLab has facilitated and originated over 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 four markets under multiple brands, including WeLend and WeLab Bank in Hong Kong, various business lines in Mainland China, Maucash and Bank Saqu by Bank Jasa Jakarta in Indonesia. WeLab Bank is the most innovative company named by the Chinese University of Hong Kong and is also one of the first fully licensed digital banks in Asia. WeLab's Indonesia digital bank, Bank Saqu, continues to be a key focus, highlighted by strong initial momentum – attracting over 1 million customers within 6 months of launch. As at 30 June 2024, TOM Group owns 8.00% in WeLab on an issued basis.

In March 2020, TOM Group invested in MioTech which is a leading sustainability data and software provider in Asia. Currently, its software ESGhub has gained significant traction in Mainland China, Hong Kong and Southeast Asia, overtaking many consulting firms as a major player in sustainability reporting and data management. On the data side, MioTech further cemented its leading position as the best ESG data provider in Asia, as it expands its clientele and use cases among financial institutions. As at 30 June 2024, TOM Group owns 6.22% of MioTech on an issued basis.

Ule, TOM Group's investment in E-Commerce business with China Post, continued the development of its rural e-commerce business with a focus on supply chain innovation. Net loss of Ule narrowed by 40.8% from the same period last year to RMB33 million.

For the six months ended 30 June 2024, the Group recorded a revenue of HK\$342 million with a gross profit margin of 40.2%. The Group's underlying loss for the period attributable to shareholders was HK\$145 million. Excluding the one-off effect of reversal of impairment loss of approximately HK\$14 million in relation to Ule in the first half of 2023, loss before net finance costs and taxation increased from HK\$16 million in the first half of 2023 to HK\$27 million.

Going forward, TOM Group will continue to remain agile and prudent in managing 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 2024, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$422 million. A total of HK\$4,520 million financing facilities were available, of which HK\$3,719 million or 82.3% had been utilised as at 30 June 2024, 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\$3,719 million as at 30 June 2024, which are denominated in Hong Kong dollar. The borrowings included long-term bank loans of approximately HK\$3,719 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 171.6% as at 30 June 2024, compared to 154.4% as at 31 December 2023.

As at 30 June 2024, the Group had net current assets of approximately HK\$215 million, compared to approximately HK\$335 million as at 31 December 2023. The current ratio (Current assets/Current liabilities) of TOM Group as at 30 June 2024 was 1.41, compared to 1.62 as at 31 December 2023. The Group recorded net liabilities of approximately HK\$1,552 million as at 30 June 2024, compared to net liabilities of HK\$1,290 million as at 31 December 2023. Net cash outflow from operating activities after interest and taxation paid was HK\$62 million, compared to outflow of HK\$31 million in the same period last year as a result of the increased borrowings interest rates. Net cash outflow from investing activities was HK\$32 million, compared to inflow of HK\$72 million in the same period last year, which was mainly due to settlement of amounts due from Ule in the first half of 2023.

Loss before Net Finance Costs and Taxation

Despite the resilience of the Publishing Group, revenue and loss before net finance costs and taxation of the Group for the period under review arrived at HK\$342 million and HK\$27 million respectively against the backdrop of strong US dollar, global inflation and the slowdown of Taiwan business activities in the period associated with elections in Taiwan. In the first half of 2023, reversal of provision for impairment losses of approximately HK\$14 million was recognised for the Group's amounts due from associated companies to reflect the reduction in credit risk subsequent to settlement of amounts due from Ule in January 2023. No reversal of impairment loss was recognised in the period under review.

Excluding the effect on non-cash events such as reversal of provision for impairment losses, the recurring loss before net finance costs and taxation increased from HK\$16 million in the first half of 2023 to HK\$27 million.

Charges on Group Assets

As at 30 June 2024, the Group had restricted cash amounting to HK\$7 million, being bank deposits mainly pledged in favour of certain publishing distributors as retainer fee for potential sales return, and banks as security for credit card and advance receipt in Taiwan.

Contingent Liabilities

As at 30 June 2024, the Group had no significant contingent liabilities.

Subsequent Events

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 2024, 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\$148 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2023.

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 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 2024**

		Unaudited Six months ended 30 June	
	Note	2024 HK\$'000	2023 HK\$'000
Revenue	2	<u>342,339</u>	<u>378,672</u>
Cost of sales		(204,888)	(223,463)
Selling and marketing expenses		(57,058)	(59,117)
Administrative expenses		(34,786)	(34,174)
Other operating expenses, net	5	(67,136)	(68,673)
Other gains, net	6	<u>155</u>	<u>4,470</u>
		(21,374)	(2,285)
Reversal of provision for impairment in amounts due from associated companies	3	<u>–</u>	<u>14,471</u>
		(21,374)	12,186
Share of profits less losses of investments accounted for using the equity method	4	<u>(5,511)</u>	<u>(13,937)</u>
Loss before net finance costs and taxation	7	(26,885)	(1,751)
Finance income		1,780	2,197
Finance costs		<u>(112,208)</u>	<u>(80,772)</u>
Finance costs, net	8	<u>(110,428)</u>	<u>(78,575)</u>
Loss before taxation		(137,313)	(80,326)
Taxation	9	<u>(6,146)</u>	<u>(9,179)</u>
Loss for the period		<u>(143,459)</u>	<u>(89,505)</u>
Attributable to:			
– Non-controlling interests		<u>1,955</u>	<u>5,042</u>
– Equity holders of the Company		<u>(145,414)</u>	<u>(94,547)</u>
Loss per share attributable to equity holders of the Company during the period			
Basic and diluted	11	<u>HK(3.67) cents</u>	<u>HK(2.39) cents</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Loss for the period	(143,459)	(89,505)
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	(94,436)	(11,720)
– Item that may be reclassified to income statement:		
Exchange translation differences	<u>(23,485)</u>	<u>(5,034)</u>
	<u>(117,921)</u>	<u>(16,754)</u>
Total comprehensive expense for the period	<u>(261,380)</u>	<u>(106,259)</u>
Total comprehensive (expense)/income for the period attributable to:		
– Non-controlling interests	<u>(11,915)</u>	<u>9,488</u>
– Equity holders of the Company	<u>(249,465)</u>	<u>(115,747)</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		48,374	18,033
Right-of-use assets		84,648	89,500
Investment properties		18,511	18,857
Goodwill		501,841	501,883
Other intangible assets		133,032	137,571
Investments accounted for using the equity method	4	361,736	374,996
Financial assets at fair value through other comprehensive income		818,863	913,992
Deferred tax assets		60,733	64,697
Pension assets		2,849	2,849
Other non-current assets		7,373	5,279
		<u>2,037,960</u>	<u>2,127,657</u>
Current assets			
Inventories		89,210	93,474
Trade and other receivables	12	222,491	241,221
Short-term deposit with original maturity over 3 months		–	43,680
Restricted cash		6,550	7,317
Cash and cash equivalents		421,797	494,551
		<u>740,048</u>	<u>880,243</u>
Current liabilities			
Trade and other payables	13	482,171	498,504
Taxation payable		21,084	27,367
Lease liabilities – current portion		21,552	19,035
		<u>524,807</u>	<u>544,906</u>
Net current assets		<u>215,241</u>	<u>335,337</u>
Total assets less current liabilities		<u>2,253,201</u>	<u>2,462,994</u>

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

AS AT 30 JUNE 2024

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Non-current liabilities		
Deferred tax liabilities	23,093	26,186
Long-term bank loans – non-current portion	3,708,917	3,648,756
Lease liabilities – non-current portion	67,731	71,713
Pension obligations	5,301	6,800
	<u>3,805,042</u>	<u>3,753,455</u>
Net liabilities	<u>(1,551,841)</u>	<u>(1,290,461)</u>
EQUITY		
Equity attributable to the Company's equity holders		
Share capital	395,852	395,852
Deficits	(2,234,497)	(1,985,032)
Own shares held	(6,244)	(6,244)
	<u>(1,844,889)</u>	<u>(1,595,424)</u>
Non-controlling interests	293,048	304,963
Total deficit	<u>(1,551,841)</u>	<u>(1,290,461)</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	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	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 2024	395,852	(6,244)	3,744,457	(75,210)	776	90,307	14,625	654,837	6,096	(6,768,543)	(1,595,424)	304,963	(1,290,461)
Comprehensive income:													
Loss for the period	-	-	-	-	-	-	-	-	-	(145,414)	(145,414)	1,955	(143,459)
Other comprehensive income:													
Revaluation deficit of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(87,710)	-	-	-	(87,710)	(6,726)	(94,436)
Exchange translation differences	-	-	-	-	-	-	-	(16,341)	-	-	(16,341)	(7,144)	(23,485)
Total comprehensive expense for the period ended 30 June 2024	-	-	-	-	-	-	(87,710)	(16,341)	-	(145,414)	(249,465)	(11,915)	(261,380)
Balance at 30 June 2024	395,852	(6,244)	3,744,457	(75,210)	776	90,307	14,625	638,496	6,096	(6,913,957)	(1,844,889)	293,048	(1,551,841)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	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 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)	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)	
Transaction with equity holders:														
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,319)	(2,319)	
Transfer to general reserve	-	-	-	-	-	727	-	-	-	(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)

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 2024 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 2023, 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 2024, the Group had net liabilities of HK\$1,552 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 2023 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 2024.

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 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/supply chain 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 Revenue and segment information (Continued)

The segment results for the six months ended 30 June 2024 are as follows:

	Unaudited Six months ended 30 June 2024							
	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	-	2,621	7,845	10,466	327,787	4,616	332,403	342,869
Inter-segment revenue	-	-	(423)	(423)	-	(107)	(107)	(530)
Net revenue from external customers	-	2,621	7,422	10,043	327,787	4,509	332,296	342,339
Timing of revenue recognition:								
At a point in time	-	369	7,422	7,791	306,969	1,551	308,520	316,311
Over time	-	2,252	-	2,252	20,818	2,958	23,776	26,028
	-	2,621	7,422	10,043	327,787	4,509	332,296	342,339
Segment profit/(loss) before amortisation and depreciation	(606)	(4,970)	(7,078)	(12,654)	81,566	107	81,673	69,019
Amortisation and depreciation	(1)	(694)	(1,003)	(1,698)	(59,688)	(1)	(59,689)	(61,387)
Segment profit/(loss)	(607)	(5,664)	(8,081)	(14,352)	21,878	106	21,984	7,632
Other material item: Share of profits less losses of investments accounted for using the equity method	(7,911)	-	-	(7,911)	2,400	-	2,400	(5,511)
Finance costs:								
Finance income (note a)	1	849	9	859	2,883	299	3,182	4,041
Finance expenses	-	(24)	(144)	(168)	(1,208)	-	(1,208)	(1,376)
	1	825	(135)	691	1,675	299	1,974	2,665
Segment profit/(loss) before taxation	(8,517)	(4,839)	(8,216)	(21,572)	25,953	405	26,358	4,786
Unallocated corporate expenses								(142,099)
Loss before taxation								(137,313)
Expenditure for operating segment non-current assets	-	6	1,503	1,509	80,180	-	80,180	81,689
Unallocated expenditure for non-current assets								13,062
Total expenditure for non-current assets								94,751

Note (a):

Inter-segment interest income amounted to HK\$2,261,000 was included in the finance income.

2 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							Total HK\$'000
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Social Network Group HK\$'000	Sub-total HK\$'000	Publishing Group HK\$'000	Advertising Group HK\$'000	Sub-total HK\$'000	
Gross segment revenue	-	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 Revenue and segment information (Continued)

The segment assets and liabilities at 30 June 2024 are as follows:

	Unaudited As at 30 June 2024							
	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	173,606	613,038	17,047	803,691	1,404,401	55,548	1,459,949	2,263,640
Investments accounted for using the equity method	355,222	3,113	-	358,335	3,401	-	3,401	361,736
Unallocated assets								<u>152,632</u>
Total assets								<u><u>2,778,008</u></u>
Segment liabilities	14,864	19,863	12,044	46,771	411,630	12,724	424,354	471,125
Unallocated liabilities:								
Corporate liabilities								105,630
Current taxation								21,084
Deferred taxation								23,093
Borrowings								<u>3,708,917</u>
Total liabilities								<u><u>4,329,849</u></u>

The segment assets and liabilities at 31 December 2023 are as follows:

	Audited As at 31 December 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	199,412	714,747	21,607	935,766	1,458,065	55,583	1,513,648	2,449,414
Investments accounted for using the equity method	364,556	3,172	-	367,728	7,268	-	7,268	374,996
Unallocated assets								<u>183,490</u>
Total assets								<u><u>3,007,900</u></u>
Segment liabilities	14,976	21,776	13,424	50,176	452,597	12,154	464,751	514,927
Unallocated liabilities:								
Corporate liabilities								81,125
Current taxation								27,367
Deferred taxation								26,186
Borrowings								<u>3,648,756</u>
Total liabilities								<u><u>4,298,361</u></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 amounts due from associated companies

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Reversal of provision for impairment in respect of:		
Amounts due from associated companies	–	14,471

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 had 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.

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 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Associated companies	361,736	374,996

The share of net losses recognised in the condensed consolidated interim income statement are as follows:

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Associated companies	(5,511)	(13,937)

Note:

- (i) During the period ended 30 June 2024, 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.

5 Other operating expenses, net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Staff costs	39,418	41,361
Travel and entertainment	535	597
Provision for inventories	5,945	6,425
Provision/(reversal of provision) for impairment of trade receivables, net	214	(356)
Depreciation of fixed assets	2,006	3,386
Depreciation of right-of-use assets	11,759	10,662
Amortisation of other intangible assets	1	1
Other expenses, net	7,258	6,597
	<u>67,136</u>	<u>68,673</u>

6 Other gains, net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Dividend income from financial assets at fair value through other comprehensive income	272	726
Gain on disposal of fixed assets	233	89
Exchange (loss)/gain, net	(350)	3,655
	<u>155</u>	<u>4,470</u>

7 Loss before net finance costs and taxation

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Charging:		
Depreciation of fixed assets	3,546	5,196
Depreciation of right-of-use assets	14,189	12,586
Amortisation of other intangible assets	46,081	55,721
Exchange loss, net	350	–
	<u>54,166</u>	<u>73,503</u>
Crediting:		
Reversal of provision for impairment in amounts due from associated companies (note 3)	–	14,471
Dividend income from financial assets at fair value through other comprehensive income	272	726
Gain on disposal of fixed assets	233	89
Exchange gain, net	–	3,655
	<u>528</u>	<u>18,941</u>

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

8 Finance costs, net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	110,803	80,577
Interest costs on lease liabilities	1,405	195
Bank interest income	(1,780)	(2,197)
	<u>110,428</u>	<u>78,575</u>

Note:

No interest has been capitalised for the six months ended 30 June 2024 (2023: Same).

9 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 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	
	2024	2023
	HK\$'000	HK\$'000
Overseas taxation	6,303	7,161
Under-provision in prior years	946	1,113
Deferred taxation	(1,103)	905
	<u>6,146</u>	<u>9,179</u>
Taxation charge	<u><u>6,146</u></u>	<u><u>9,179</u></u>

10 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2024 (2023: Nil).

11 Loss per share

(a) Basic

The calculation of basic loss per share is based on consolidated loss attributable to equity holders of the Company of HK\$145,414,000 (2023: HK\$94,547,000) and the weighted average of 3,958,510,558 (2023: 3,958,510,558) 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 2024 (2023: Same).

12 Trade and other receivables

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Trade receivables	177,667	194,153
Prepayments, deposits and other receivables	<u>44,824</u>	<u>47,068</u>
	<u>222,491</u>	<u>241,221</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 revenue 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 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Current	87,791	101,667
31 – 60 days	40,583	42,243
61 – 90 days	21,950	25,099
Over 90 days	<u>55,606</u>	<u>53,911</u>
	205,930	222,920
Less: Provision for impairment	<u>(28,263)</u>	<u>(28,767)</u>
	<u>177,667</u>	<u>194,153</u>

13 Trade and other payables

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Trade payables	102,546	109,707
Other payables and accruals	277,256	281,835
Contract liabilities	<u>102,369</u>	<u>106,962</u>
	<u>482,171</u>	<u>498,504</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 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Current	46,072	52,279
31 – 60 days	11,598	8,653
61 – 90 days	6,539	6,169
Over 90 days	<u>38,337</u>	<u>42,606</u>
	<u>102,546</u>	<u>109,707</u>

SUSTAINABILITY

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its sustainability objectives to the strategic development of its businesses. The collaborative approach of the Group supports the United Nations Sustainable Development Goals in “Good Health and Well-being”, “Quality Education”, “Gender Equality”, “Decent Work and Economic Growth”, “Reduced Inequalities”, “Sustainable Cities and Communities”, “Responsible Consumption and Production”, “Climate Action”, and “Peace, Justice and Strong Institutions”.

The sustainability governance structure of the Group provides a solid foundation for developing and delivering on its commitment to sustainability, which 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.

Currently, the Group has identified four goals to guide its strategy for sustainable development. These goals have been arranged into four sustainability pillars – Business, People, Environment and Community, and are aligned with the United Nations Sustainable Development Goals.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements of the Company and its subsidiary companies for the six months ended 30 June 2024 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 of PricewaterhouseCoopers will be included in the Interim Report to shareholders. The unaudited condensed consolidated interim financial statements of the Company and its subsidiary companies for the six months ended 30 June 2024 have also 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 the interests of shareholders and other stakeholders and enhancing shareholder value.

The Company has complied throughout the six months ended 30 June 2024 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 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including treasury shares) of the Company.

CORPORATE STRATEGY

The principal 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 objectives. The Group also focuses 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 C1 to the Listing Rules
“Director(s)”	means the director(s) of the Company
“ESG”	means environmental, social and governance
“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 C3 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/supply chain 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:

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)