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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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

CHAIRMAN'S STATEMENT

In 2022, TOM Group continued to focus on high growth potential sectors such as China rural e-commerce/new retail, fintech and advanced data analytics, and at the same time stepped up its effort to drive the digital growth for its publishing business. Due to the continued emergence of new Omicron variants, along with geopolitical tensions, inflation and interest rate hikes which affected business confidence and consumer sentiment, the Group's consolidated revenue decreased by 6.7% to HK\$830 million. Gross revenues from Technology Platform and Investments and Media businesses amounted to HK\$47 million and HK\$784 million respectively. Nevertheless, profit before net finance costs and taxation and profit attributable to shareholders were HK\$286 million and HK\$142 million respectively, compared to loss before net finance cost and taxation and loss attributable to shareholders of HK\$37 million and HK\$114 million respectively in last year.

A reversal of impairment loss of approximately HK\$304 million and gain on dilution of shareholding in associated companies of approximately HK\$65 million, which are non-cash in nature, were recognized in relation to the Group's investments in Ule. In addition, a goodwill impairment of HK\$18 million, which is non-cash in nature, was recognized in relation to a traditional advertising operation under Advertising Group. Including such reversal of impairment loss and dilution gain but partially offset by goodwill impairment, increased finance cost as a result of rising market interest rate and unfavorable translation impacts as a result of depreciation of New Taiwan dollars and Renminbi against Hong Kong dollars, the Group's profit for the year attributable to shareholders amounted to HK\$142 million compared to a loss of HK\$114 million in 2021. Excluding the one-off effects such as reversal of impairment loss and dilution gain for Ule and goodwill impairment for Advertising Group, loss for the year attributable to shareholders increased from HK\$114 million in 2021 to HK\$172 million.

Ule, the Group's E-Commerce joint operation with China Post, continued the development of its rural New Retail and associated B2B business with a focus on supply chain innovation. Ule recorded a B2B GMV of RMB9,451 million for the year, represented an increase of 41.8% compared to RMB6,663 million in last year. Ule entered into a subscription agreement with China Post HK on 1 November 2021 to issue new shares to China Post HK to strengthen Ule's capital base and enable Ule to scale up its operations. In light of the ongoing progress and the completion on China Post HK's capital injection exercise in Ule in July 2022, the Company reassessed the recoverable amount of its investments in Ule and recognized the reversal of impairment loss of HK\$304 million and recognized a dilution gain of HK\$65 million referred to above. The aforesaid impairment loss reversed had been recognized in 2020 Annual Report.

Pixnet, the Group's social digital media business, continues to be the largest user-generated content platform in Taiwan. However, the outbreak of Omicron variant and the related social distancing restrictions and lockdowns have adversely impacted Taiwan's hospitality and retail businesses during the year. Gross revenue of Pixnet was HK\$37 million and segment loss was HK\$7 million for the year.

The Publishing Group in Taiwan maintained its leadership position in its markets during the year. Gross revenue contributed by the Publishing Group was HK\$765 million. Despite the continuing pandemic outbreak in the region, the Publishing Group showed resilience and was able to maintain its performance by contributing a segment profit of HK\$87 million, representing an increase of 12.1% from HK\$77 million in last year.

The general economy remains challenging with continuing sporadic disruptions caused by the COVID-19 pandemic, geopolitical tension, rising interest rate and inflation. 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 contribution to the Group.

Frank John Sixt
Chairman

Hong Kong, 9 March 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Consolidated revenue	830,121	889,370
Loss ⁽¹⁾ before goodwill impairment, dilution gain, 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	(64,618)	(37,402)
Goodwill impairment ⁽²⁾	(18,103)	–
Gain on dilution of shareholding in associated companies ⁽³⁾	65,131	–
Reversal of provision for impairment in amounts due from associated companies ⁽³⁾	78,746	–
Reversal of provision for impairment in investments accounted for using the equity method ⁽³⁾	225,322	–
Profit/(loss) before net finance costs and taxation	286,478	(37,402)
Profit/(loss) attributable to equity holders of the Company	142,420	(114,106)
Earnings/(loss) per share (HK cents)	3.60	(2.88)
Net liabilities	(925,226)	(1,010,566)

- (1) Being profit/(loss) before net finance costs and taxation (including share of results of investments accounted for using the equity method)
- (2) Goodwill impairment of HK\$18,103,000 in 2022 was related to a traditional advertising operation under Advertising Group
- (3) Gain on dilution of shareholding in associated companies, reversal of provision for impairment in amounts due from associated companies and investments accounted for using the equity method of HK\$65,131,000, HK\$78,746,000 and HK\$225,322,000 respectively were related to the investment in Ule Holdings Limited

BUSINESS REVIEW

In 2022, the continued emergence of new Omicron variants, along with geopolitical tensions, inflation and interest rate hikes affected business confidence and consumer sentiment in Taiwan. During the review period, TOM Group vigilantly safeguarded its revenue in the traditional media business, and at the same time, expanded its digital footprints to capture opportunities in the thriving digital economy and to mitigate the impact of COVID-19. The Group's Media Business recorded a gross revenue of HK\$784 million with operating segment profit increasing by 16.2% to HK\$86 million. Gross revenue from the Group's Technology Platform and Investments was HK\$47 million and segment loss was HK\$39 million.

Media Business

TOM Group's media and publishing business in Taiwan, Cite, continued its growth trajectory in the digital arena. *Business Weekly*, the Group's flagship publication, launched an array of digital initiatives and established online knowledge sharing communities serving both B2B and B2C users. During the review period, the contribution of digital business to *Business Weekly's* advertising revenue increased to 40%. Other business units of the Publishing Group have also been embarking on their digital transformation journey, expanding their digital revenue streams with enriched service offerings. During the review period, the Publishing Group's gross revenue was HK\$765 million and segment profit increased 12.1% to HK\$87 million.

TOM Group's traditional advertising business in Mainland China was temporarily disrupted by Omicron outbreaks and corresponding lockdowns across China during the second half of 2022. During the review period, the Advertising Group recorded a gross revenue of HK\$19 million with segment loss narrowing significantly by 88.7% to HK\$0.3 million.

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. The outbreak of Omicron variant and the related social distancing restrictions and lockdowns have adversely impacted Taiwan's hospitality and retail businesses. During the review period, Pixnet's gross revenue recorded a decrease of 13.6% to HK\$37 million and a segment loss of HK\$7 million. Nevertheless, Pixnet continues to rank top of the list in many categories including Lifestyle & Food, Travel, Technology, Family & Youth and Entertainment in ComScore, a well-recognized ranking system among brand owners and advertisers on the performance of media platforms. Pixnet is well positioned to regain growth momentum amidst the opening up of Taiwan and strong rebounding of consumer activities and tourism post-pandemic.

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. Altogether, WeLab has over 57 million individual users, having facilitated and originated around US\$12 billion of loans. WeLab Bank is dedicated to curating intelligent banking experiences and is one of the first fully licensed digital banks in Asia. It represents a 100% digital banking experience with comprehensive suite of innovative and award-winning products. In 2022, WeLab Bank launched GoWealth, becoming Asia's 1st purely-digital bank to launch a digital wealth advisory solution. GoWealth is a collaboration between WeLab Bank and Allianz Global Investors, one of the world's leading asset management firms, delivering a goal-based investment experience for clients. WeLab is expanding its digital banking presence across Asia through a joint acquisition of Bank Jasa Jakarta (an Indonesian bank) with Astra International, one of Indonesia's largest public companies. This move aims to capture the significant demand from the 180 million tech-savvy younger consumers in the country. In Indonesia, 77% of its 270 million population is either underbanked or unbanked. As of 31 December 2022, TOM Group owns 7.74% in WeLab on an issued basis.

In March 2020, TOM Group invested in MioTech. In 2022, MioTech's data and software offerings in the ESG and Decarbonization niche captured significant market share in Greater China and Southeast Asia. The company continued to expand its clientele among global and regional financial institutions and is now the largest ESG data provider in Asia. MioTech's ESGhub helps banks, PE/VCs, and corporations collect, manage, analyze and report their company's supply chain, portfolio climate and ESG data. It is on track to become the largest ESG and climate platform for corporates and private market investors in Asia. MioTech's energy and carbon tracking software has been adopted by large manufacturers in the region to enhance their energy efficiency and reduce carbon emissions. The company has also ventured into the carbon credit development business and has signed large projects in areas ranging from forestry to industrial and livestock. As at 31 December 2022, TOM Group owns 6.22% of MioTech on an issued basis.

Ule is the Group's E-Commerce joint operation with China Post. During the review period, Ule recorded a B2B GMV of RMB9,451 million as compared to RMB6,663 million year-on-year. Ule entered into a subscription agreement with China Post HK on 1 November 2021 to issue new shares to China Post HK to strengthen Ule's capital base and enable Ule to scale up its operations. In light of the ongoing progress and the completion on China Post HK's capital injection exercise in Ule in July 2022, the Company reassessed the recoverable amount of its investments in Ule and recognized the reversal of impairment loss of HK\$304 million and recognized a dilution gain of HK\$65 million. The impairment loss reversed had been recognized in 2020 Annual Report.

For the year ended 31 December 2022, the Group recorded a 6.7% decrease in revenue to HK\$830 million with a gross profit margin of 42.0%. A reversal of impairment loss of approximately HK\$304 million and gain on dilution of shareholding in associated companies of approximately HK\$65 million, which are non-cash in nature, were recognized in relation to the Group's investments in Ule. In addition, a goodwill impairment of HK\$18 million, which is non-cash in nature, was recognized in relation to a traditional advertising operation under Advertising Group. Including this reversal of impairment loss and dilution gain, but partially offset by goodwill impairment, increased finance cost as a result of rising market interest rate and unfavorable translation impacts as a result of depreciation of New Taiwan dollars and Renminbi against Hong Kong dollars, the Group's profit for the year attributable to shareholders amounted to HK\$142 million. Excluding the reversal of impairment loss and dilution gain for Ule and goodwill impairment for Advertising Group, the Group's loss for the year attributable to shareholders was HK\$172 million.

As the world returns to normalcy at this phase of the COVID pandemic, TOM Group will continue to accelerate the scaling up of its digital business to capture market opportunities in the Greater China region.

FINANCIAL REVIEW

TOM Group reports its results in five business segments under two business streams, namely E-Commerce Group, Mobile Internet Group and Social Network Group of Technology Platform and Investments, and Publishing Group and Advertising Group of Media Business.

Consolidated Revenue

Group recorded a consolidated revenue of HK\$830 million, represented a decrease of 6.7% compared to last year. This was mainly driven by the unfavorable translation impacts of foreign exchange rate against Hong Kong dollars during the year and the Group continued to be impacted by the global economic uncertainties as a result of COVID-19 pandemic.

Segment Results

The segment result refers to profit/loss before finance costs and taxation, gain on disposal of subsidiaries, share of results of investments accounted for using the equity method, gain on dilution of shareholding in associated companies, provision for impairment of goodwill, reversal of provision for impairment in investments accounted for using the equity method and reversal of provision for impairment in amounts due from associated companies.

The Group continues with its ongoing strategy to focus on optimising the high growth e-commerce/new retail business in Ule, a material associate of the Group in Mainland China providing e-commerce platform for rural areas in China. The segment results of the E-Commerce Group were largely related to the reversal of provision for impairment in amounts due from associated companies and investments accounted for using the equity method in relation to Ule and the share of result of Ule. Ule entered into a subscription agreement with China Post HK on 1 November 2021 to issue new shares to China Post HK to strengthen Ule's capital base and enable Ule to scale up its operations. In light of the very substantial progress on China Post HK's capital injection exercise in Ule up to June 2022, the Company reassessed the recoverable amount of its investments in Ule and recognized the reversal of impairment loss of approximately HK\$225 million and approximately HK\$74 million for the Group's investments accounted for using the equity method and amounts due from associated companies respectively in 2022 interim results. The capital injection exercise was completed on 29 July 2022 ("Completion"). After the Completion, the Company further recognized gain on dilution of shareholding in associated companies and reversal of impairment loss in amounts due from associated companies of approximately HK\$65 million and HK\$5 million respectively in this year. The aforesaid impairment losses reversed had been recognized in 2020 Annual Report.

The Mobile Internet Group reported gross revenue of HK\$7 million comparing to HK\$8 million in last year. The segment loss of HK\$6 million was recorded in 2022.

The Social Network Group, represented by Pixnet, remain to be the largest user-generated content platform in Taiwan. Gross revenue was reported at HK\$37 million with a segment loss of HK\$7 million.

The Publishing Group continues to be the market leader in Taiwan publishing industry and recorded a gross revenue of HK\$765 million. Notwithstanding the COVID-19 operating environment, the Publishing Group outperformed the market by delivering a segment profit of HK\$87 million, representing an increase of 12.1% comparing to HK\$77 million in last year. The Group will remain focused on operational efficiency of this business segment while accelerating the development of digital offerings and pursuing revenue stream diversification to tap into post pandemic growth opportunities.

The traditional advertising market in Mainland China was still affected by COVID-19 pandemic and the Advertising Group recorded a gross revenue of HK\$19 million. Segment loss of HK\$0.3 million was recorded in 2022 comparing to HK\$3 million in last year. A goodwill impairment of HK\$18 million, which is non-cash in nature, was recognized under Advertising Group in relation to the uncertainties in traditional advertising market post pandemic.

Share of Results of Investments Accounted for Using the Equity Method

The share of results is mainly contributed by the Group's share of result of Ule.

Profit/(loss) before Net Finance Costs and Taxation

The Group's profit before net finance costs and taxation in 2022 amounted to HK\$286 million, compared to a loss of HK\$37 million in last year. Excluding the effect on one-off non-cash events such as gain on dilution of shareholding in associated companies of approximately HK\$65 million, reversal of provision for impairment in investments accounted for using the equity method of approximately HK\$225 million and reversal of provision for impairment in amounts due from associated companies of approximately HK\$79 million, but partially offset by provision for impairment of goodwill of approximately HK\$18 million in 2022, the recurring loss before finance costs and taxation was HK\$65 million, compared to HK\$37 million in last year. The increase was primarily attributable to the unfavorable translation impacts of foreign exchange rate against Hong Kong dollars of approximately HK\$21 million during the year, compared to favorable translation impact of HK\$5 million in last year.

Profit/(loss) Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders of the Company for the year was HK\$142 million, compared to a loss of HK\$114 million in last year. The profit was primarily attributable to the recognition of one-off non-cash events such as reversal of provision for impairment in investments accounted for using the equity method, reversal of provision for impairment in amounts due from associated companies and gain on dilution of shareholding in associated companies; but partially offset by provision for impairment of goodwill in 2022.

Liquidity and Financial Resources

As at 31 December 2022, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$482 million. A total of HK\$3,758 million financing facilities were available, of which HK\$3,527 million, or 93.9%, had been utilised as at 31 December 2022, to finance the Group's investment, capital expenditures and for working capital purposes.

The principal of the total borrowings of TOM Group amounted to approximately HK\$3,527 million as at 31 December 2022, which are denominated in Hong Kong dollar. The borrowings included long-term bank loans of approximately HK\$3,527 million. All bank loans bore floating interest rates. The gearing ratio (Total principal amount of bank borrowings/(Total principal amount of bank borrowings + Deficit)) of TOM Group was 135.6% as at 31 December 2022, compared to 142.5% as at 31 December 2021.

As at 31 December 2022, the Group had net current assets of approximately HK\$426 million, compared to the balance of approximately HK\$226 million as at 31 December 2021. The current ratio (Current assets/Current liabilities) of TOM Group was 1.73 as at 31 December 2022, compared to 1.35 as at 31 December 2021. The Group recorded net liabilities of approximately HK\$925 million as at 31 December 2022, compared to net liabilities of HK\$1,011 million as at 31 December 2021.

In 2022, net cash generated from operating activities after interest and taxation paid was HK\$57 million. Net cash outflow used in investing activities was HK\$116 million, mainly included capital expenditures of HK\$121 million. During the year, net cash inflow from financing activities amounted to HK\$89 million, mainly from the drawdown of bank loans and net of repayment, of HK\$140 million, partially offset by lease principal payment of HK\$25 million, payment of loan arrangement fee of HK\$19 million and dividends paid to non-controlling interests of subsidiaries of HK\$7 million.

Charges on Group Assets

As at 31 December 2022, the Group had restricted cash amounting to HK\$6 million, being bank deposits mainly pledged in favour of certain publishing distributors as retainer fee for potential sales return, and banks as security for credit card and advance receipt in Taiwan.

Contingent Liabilities

As at 31 December 2022, the Group had no significant contingent liabilities.

Subsequent Events

Except for the Company's announcement dated 20 January 2023, there is no subsequent event after the reporting period which has material impact to the consolidated financial statements 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 31 December 2022, TOM Group had approximately 1,200 full-time employees (excluding approximately 500 full-time employees of Ule). Employee costs, excluding Directors' emoluments, amounting to HK\$320 million for the year. All of the TOM Group companies are equal opportunity employers, with the selection and promotion of individuals being based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of TOM Group's salary and bonus system, which is reviewed annually. A wide range of benefits including medical coverage and provident funds are also provided to employees. In addition, training and development programmes are provided on an ongoing basis throughout TOM Group. Social, sporting and recreational activities were arranged during the year for the employees on a Group-wide basis. Further information in relation to our employment and labour practices is set out in the standalone Sustainability Report to be published in March 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 gain on dilution of shareholding in associated companies, provision for impairment of goodwill, 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.

AUDITED CONSOLIDATED RESULTS
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	2	<u>830,121</u>	<u>889,370</u>
Cost of sales		(481,224)	(514,208)
Selling and marketing expenses		(126,794)	(139,119)
Administrative expenses		(75,205)	(73,999)
Other operating expenses, net	5	(142,688)	(146,226)
Other gains, net	5	<u>45,267</u>	<u>9,749</u>
		49,477	25,567
Provision for impairment of goodwill	3	(18,103)	–
Reversal of provision for impairment in amounts due from associated companies	3	<u>78,746</u>	<u>–</u>
		110,120	25,567
Share of profits less losses of investments accounted for using the equity method		(48,964)	(62,969)
Reversal of provision for impairment in investments accounted for using the equity method	3	<u>225,322</u>	<u>–</u>
	4	<u>176,358</u>	<u>(62,969)</u>
Profit/(loss) before net finance costs and taxation	6	286,478	(37,402)
Finance income		2,753	3,432
Finance costs		<u>(86,609)</u>	<u>(58,599)</u>
Finance costs, net	7	<u>(83,856)</u>	<u>(55,167)</u>
Profit/(loss) before taxation		202,622	(92,569)
Taxation	8	<u>(17,429)</u>	<u>(14,869)</u>
Profit/(loss) for the year		<u>185,193</u>	<u>(107,438)</u>
Attributable to:			
– Non-controlling interests		<u>42,773</u>	<u>6,668</u>
– Equity holders of the Company		<u>142,420</u>	<u>(114,106)</u>
Earnings/(loss) per share attributable to equity holders of the Company during the year			
Basic and diluted	10	<u>HK3.60 cents</u>	<u>HK(2.88) cents</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 HK\$'000	2021 HK\$'000
Profit/(loss) for the year	185,193	(107,438)
Other comprehensive (expense)/income for the year, net of tax		
– Items that will not be reclassified to income statement:		
Remeasurement of defined benefit plans	461	5,459
Revaluation (deficit)/surplus of financial assets at fair value through other comprehensive income	(52,757)	10,373
Share of revaluation deficit through other comprehensive income from an associated company	(36)	(267)
	<u>(52,332)</u>	<u>15,565</u>
– Items that may be reclassified to income statement:		
Exchange translation differences	(43,771)	(2,908)
Release of exchange reserve upon dilution of shareholding in associated companies	3,671	–
	<u>(40,100)</u>	<u>(2,908)</u>
	<u>(92,432)</u>	<u>12,657</u>
Total comprehensive income/(expense) for the year	<u>92,761</u>	<u>(94,781)</u>
Total comprehensive income/(expense) for the year attributable to:		
– Non-controlling interests	<u>29,009</u>	<u>10,938</u>
– Equity holders of the Company	<u>63,752</u>	<u>(105,719)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 HK\$'000	2021 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		20,740	28,626
Right-of-use assets		19,164	27,729
Investment properties		21,246	23,302
Goodwill		509,396	528,380
Other intangible assets		135,967	142,157
Investments accounted for using the equity method	4	401,060	158,934
Financial assets at fair value through other comprehensive income		1,035,172	1,090,603
Deferred tax assets		45,793	49,931
Pension assets		2,216	9,680
Other non-current assets		1,676	103,561
		<u>2,192,430</u>	<u>2,162,903</u>
Current assets			
Inventories		92,778	98,149
Trade and other receivables	11	429,170	266,426
Restricted cash		6,176	6,813
Cash and cash equivalents		481,668	493,485
		<u>1,009,792</u>	<u>864,873</u>
Current liabilities			
Trade and other payables	12	534,537	568,521
Taxation payable		31,626	28,438
Long-term bank loans – current portion		–	21,038
Lease liabilities – current portion		17,255	20,708
		<u>583,418</u>	<u>638,705</u>
Net current assets		<u>426,374</u>	<u>226,168</u>
Total assets less current liabilities		<u>2,618,804</u>	<u>2,389,071</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	2022 HK\$'000	2021 HK\$'000
Non-current liabilities		
Deferred tax liabilities	9,027	11,626
Long-term bank loans – non-current portion	3,526,297	3,366,768
Lease liabilities – non-current portion	2,152	7,482
Pension obligations	6,554	13,761
	<u>3,544,030</u>	<u>3,399,637</u>
Net liabilities	<u>(925,226)</u>	<u>(1,010,566)</u>
EQUITY		
Equity attributable to the Company's equity holders		
Share capital	395,852	395,852
Deficits	(1,631,389)	(1,695,141)
Own shares held	(6,244)	(6,244)
	<u>(1,241,781)</u>	<u>(1,305,533)</u>
Non-controlling interests	316,555	294,967
Total deficit	<u>(925,226)</u>	<u>(1,010,566)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the Company													
	Share capital HK\$'000	Own shares held HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total shareholders' deficits HK\$'000	Non-controlling interests HK\$'000	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 year	-	-	-	-	-	-	-	-	-	-	142,420	142,420	42,773	185,193
Other comprehensive income:														
Remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	-	-	(588)	(588)	1,049	461
Revaluation deficit of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(49,482)	-	-	-	-	(49,482)	(3,275)	(52,757)
Share of revaluation deficit through other comprehensive income from an associated company	-	-	-	-	-	-	(33)	-	-	-	-	(33)	(3)	(36)
Exchange translation differences	-	-	-	-	-	-	-	-	(31,869)	-	-	(31,869)	(11,902)	(43,771)
Release of exchange reserve upon dilution of shareholding in associated companies	-	-	-	-	-	-	-	-	3,304	-	-	3,304	367	3,671
Total comprehensive income/(expense) for the year ended 31 December 2022	-	-	-	-	-	-	(49,515)	-	(28,565)	-	141,832	63,752	29,009	92,761
Transactions with equity holders:														
Dividends distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(7,421)	(7,421)
Transfer to general reserve	-	-	-	-	-	1,411	-	-	-	-	(1,411)	-	-	-
Transfer to accumulated losses	-	-	-	-	-	(76,331)	-	-	-	-	76,331	-	-	-
Transactions with equity holders	-	-	-	-	-	(74,920)	-	-	-	-	74,920	-	(7,421)	(7,421)
Balance at 31 December 2022	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)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the Company													
	Share capital HK\$'000	Own shares held HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Fair value through other comprehensive income reserve HK\$'000	Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total shareholders' deficits HK\$'000	Non-controlling interests HK\$'000	Total deficit HK\$'000
Balance at 1 January 2021	395,852	(6,244)	3,744,457	(75,079)	776	174,686	512,608	14,625	696,856	6,096	(6,664,316)	(1,199,683)	283,522	(916,161)
Comprehensive income:														
Loss for the year	-	-	-	-	-	-	-	-	-	-	(114,106)	(114,106)	6,668	(107,438)
Other comprehensive income:														
Remeasurement of defined benefit plans	-	-	-	-	-	-	-	-	-	-	5,558	5,558	(99)	5,459
Revaluation surplus of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	7,811	-	-	-	-	7,811	2,562	10,373
Share of revaluation deficit through other comprehensive income from an associated company	-	-	-	-	-	-	(240)	-	-	-	(240)	(240)	(27)	(267)
Exchange translation differences	-	-	-	-	-	-	-	-	(4,742)	-	(4,742)	(4,742)	1,834	(2,908)
Total comprehensive income/(expense) for the year ended 31 December 2021	-	-	-	-	-	-	7,571	-	(4,742)	-	(108,548)	(105,719)	10,938	(94,781)
Transactions with equity holders:														
Dividends distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(6,749)	(6,749)
Disposal of subsidiaries	-	-	-	(131)	-	-	-	-	-	-	-	(131)	7,256	7,125
Transfer to general reserve	-	-	-	-	-	(5,486)	-	-	-	-	5,486	-	-	-
Transfer to accumulated losses upon disposal of a financial asset at fair value through other comprehensive income	-	-	-	-	-	-	631	-	-	-	(631)	-	-	-
Transactions with equity holders	-	-	-	(131)	-	(5,486)	631	-	-	-	4,855	(131)	507	376
Balance at 31 December 2021	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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

This financial information is extracted from the Group's audited consolidated financial statements, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The consolidated financial statements have been prepared under the historical cost convention except that financial assets at fair value through other comprehensive income ("FVOCI"), defined benefit plan assets, investment properties and investments accounted for using the equity method, of which the retained interests are remeasured to the fair value at the date when the Group lost control in the subsidiaries which became investments accounted for using the equity method of the Group.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

In preparing these consolidated financial statements, 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 31 December 2022, the Group had net liabilities of HK\$925 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 these consolidated financial statements on a going concern basis.

In the current year, the Group has adopted all the amendments to standards and interpretation issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2022.

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

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 year ended 31 December 2022 are as follows:

	Year ended 31 December 2022							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	3,168	7,037	36,891	47,096	764,982	19,159	784,141	831,237
Inter-segment revenue	-	-	(866)	(866)	-	(250)	(250)	(1,116)
Net revenue from external customers	<u>3,168</u>	<u>7,037</u>	<u>36,025</u>	<u>46,230</u>	<u>764,982</u>	<u>18,909</u>	<u>783,891</u>	<u>830,121</u>
Timing of revenue recognition:								
At a point in time	-	1,261	36,025	37,286	702,209	1,116	703,325	740,611
Over time	<u>3,168</u>	<u>5,776</u>	<u>-</u>	<u>8,944</u>	<u>62,773</u>	<u>17,793</u>	<u>80,566</u>	<u>89,510</u>
	<u>3,168</u>	<u>7,037</u>	<u>36,025</u>	<u>46,230</u>	<u>764,982</u>	<u>18,909</u>	<u>783,891</u>	<u>830,121</u>
Segment profit/(loss) before amortisation and depreciation	(25,922)	(5,768)	(2,208)	(33,898)	224,673	(278)	224,395	190,497
Amortisation and depreciation	<u>(3)</u>	<u>(612)</u>	<u>(4,323)</u>	<u>(4,938)</u>	<u>(137,860)</u>	<u>(67)</u>	<u>(137,927)</u>	<u>(142,865)</u>
Segment profit/(loss)	<u>(25,925)</u>	<u>(6,380)</u>	<u>(6,531)</u>	<u>(38,836)</u>	<u>86,813</u>	<u>(345)</u>	<u>86,468</u>	<u>47,632</u>
Other material items:								
Gain on dilution of shareholding in associated companies	65,131	-	-	65,131	-	-	-	65,131
Provision for impairment of goodwill	-	-	-	-	-	(18,103)	(18,103)	(18,103)
Reversal of provision for impairment in amounts due from associated companies	14,139	63,215	-	77,354	-	-	-	77,354
Share of profits less losses of investments accounted for using the equity method	(54,312)	(228)	-	(54,540)	5,576	-	5,576	(48,964)
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>250,280</u>	<u>62,987</u>	<u>-</u>	<u>313,267</u>	<u>5,576</u>	<u>(18,103)</u>	<u>(12,527)</u>	<u>300,740</u>
Finance costs:								
Finance income (note a)	4	1,356	13	1,373	2,979	618	3,597	4,970
Finance expenses	<u>-</u>	<u>(23)</u>	<u>(22)</u>	<u>(45)</u>	<u>(430)</u>	<u>-</u>	<u>(430)</u>	<u>(475)</u>
	<u>4</u>	<u>1,333</u>	<u>(9)</u>	<u>1,328</u>	<u>2,549</u>	<u>618</u>	<u>3,167</u>	<u>4,495</u>
Segment profit/(loss) before taxation	<u>224,359</u>	<u>57,940</u>	<u>(6,540)</u>	<u>275,759</u>	<u>94,938</u>	<u>(17,830)</u>	<u>77,108</u>	<u>352,867</u>
Unallocated corporate expenses								<u>(150,245)</u>
Profit before taxation								<u>202,622</u>
Expenditure for operating segment non-current assets	-	1,266	3,221	4,487	122,817	5	122,822	127,309
Unallocated expenditure for non-current assets								<u>93</u>
Total expenditure for non-current assets								<u>127,402</u>

Note (a):

Inter-segment interest income amounted to HK\$2,217,000 was included in the finance income.

2 Turnover, revenue and segment information (Continued)

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

	As at 31 December 2022							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	
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:								
Corporate liabilities								91,473
Current taxation								31,626
Deferred taxation								9,027
Borrowings								<u>3,526,297</u>
Total liabilities								<u>4,127,448</u>

2 Turnover, revenue and segment information (Continued)

The segment results for the year ended 31 December 2021 are as follows:

	Year ended 31 December 2021							Total HK\$'000
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Social Network Group HK\$'000	Sub-total HK\$'000	Publishing Group HK\$'000	Advertising Group HK\$'000	Sub-total HK\$'000	
Gross segment revenue	4,543	8,405	42,716	55,664	811,614	23,150	834,764	890,428
Inter-segment revenue	-	-	(852)	(852)	-	(206)	(206)	(1,058)
Net revenue from external customers	<u>4,543</u>	<u>8,405</u>	<u>41,864</u>	<u>54,812</u>	<u>811,614</u>	<u>22,944</u>	<u>834,558</u>	<u>889,370</u>
Timing of revenue recognition:								
At a point in time	47	2,769	41,864	44,680	752,979	2,911	755,890	800,570
Over time	<u>4,496</u>	<u>5,636</u>	<u>-</u>	<u>10,132</u>	<u>58,635</u>	<u>20,033</u>	<u>78,668</u>	<u>88,800</u>
	<u>4,543</u>	<u>8,405</u>	<u>41,864</u>	<u>54,812</u>	<u>811,614</u>	<u>22,944</u>	<u>834,558</u>	<u>889,370</u>
Segment profit/(loss) before amortisation and depreciation	5,503	4,863	2,056	12,422	225,037	(2,508)	222,529	234,951
Amortisation and depreciation	<u>(3)</u>	<u>(1,099)</u>	<u>(5,098)</u>	<u>(6,200)</u>	<u>(147,573)</u>	<u>(545)</u>	<u>(148,118)</u>	<u>(154,318)</u>
Segment profit/(loss)	<u>5,500</u>	<u>3,764</u>	<u>(3,042)</u>	<u>6,222</u>	<u>77,464</u>	<u>(3,053)</u>	<u>74,411</u>	<u>80,633</u>
Other material items:								
Gain on disposal of subsidiaries	-	-	-	-	-	3,336	3,336	3,336
Share of profits less losses of investments accounted for using the equity method	<u>(68,050)</u>	<u>536</u>	<u>-</u>	<u>(67,514)</u>	<u>4,545</u>	<u>-</u>	<u>4,545</u>	<u>(62,969)</u>
	<u>(68,050)</u>	<u>536</u>	<u>-</u>	<u>(67,514)</u>	<u>4,545</u>	<u>3,336</u>	<u>7,881</u>	<u>(59,633)</u>
Finance costs:								
Finance income (note a)	17	2,337	10	2,364	2,359	648	3,007	5,371
Finance expenses	<u>-</u>	<u>(20)</u>	<u>(30)</u>	<u>(50)</u>	<u>(1,057)</u>	<u>(20)</u>	<u>(1,077)</u>	<u>(1,127)</u>
	<u>17</u>	<u>2,317</u>	<u>(20)</u>	<u>2,314</u>	<u>1,302</u>	<u>628</u>	<u>1,930</u>	<u>4,244</u>
Segment profit/(loss) before taxation	<u>(62,533)</u>	<u>6,617</u>	<u>(3,062)</u>	<u>(58,978)</u>	<u>83,311</u>	<u>911</u>	<u>84,222</u>	<u>25,244</u>
Unallocated corporate expenses								<u>(117,813)</u>
Loss before taxation								<u>(92,569)</u>
Expenditure for operating segment non-current assets	-	233	826	1,059	123,961	726	124,687	125,746
Unallocated expenditure for non-current assets								<u>15,736</u>
Total expenditure for non-current assets								<u>141,482</u>

Note (a):

Inter-segment interest income amounted to HK\$1,941,000 was included in the finance income.

2 Turnover, revenue and segment information (Continued)

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

	As at 31 December 2021							Total HK\$'000
	Technology Platform and Investments				Media Business			
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Social Network Group HK\$'000	Sub-total HK\$'000	Publishing Group HK\$'000	Advertising Group HK\$'000	Sub-total HK\$'000	
Segment assets	253,894	916,644	35,320	1,205,858	1,393,177	89,311	1,482,488	2,688,346
Investments accounted for using the equity method	148,655	3,787	–	152,442	6,492	–	6,492	158,934
Unallocated assets								180,496
Total assets								3,027,776
Segment liabilities	22,271	30,442	13,018	65,731	442,718	14,805	457,523	523,254
Unallocated liabilities:								
Corporate liabilities								87,218
Current taxation								28,438
Deferred taxation								11,626
Borrowings								3,387,806
Total liabilities								4,038,342

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 Provision/(reversal of provision) for impairment of investments accounted for using the equity method, goodwill and amounts due from associated companies

	2022 HK\$'000	2021 HK\$'000
Provision/(reversal of provision) for impairment in respect of:		
Investments accounted for using the equity method		
(note a) (note 4)	(225,322)	–
Amounts due from associated companies (note a)	(78,746)	–
Goodwill (note b)	18,103	–
	<u> </u>	<u> </u>

Notes:

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

As at 30 June 2022, substantial progress 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 as at 30 June 2022, 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 decrease in credit risk for amounts due from Ule Holdings Group. As a result of the impairment assessment of investments accounted for using the equity method and expected credit loss assessment of amounts due from associated companies, reversal of provisions for impairment in investments accounted for using the equity method amounting to HK\$225,322,000 and amounts due from associated companies amounting to HK\$74,161,000 were recognized respectively in the period ended 30 June 2022. The Subscription of Ule was completed in July 2022. Further reversal of provisions for impairment in amounts due from associated companies amounting to HK\$4,585,000 subsequent to 30 June 2022 and a total amount of HK\$78,746,000 was recognized in the year ended 31 December 2022. After the completion of the Subscription of Ule, 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 31 December 2022.

- (b) The provision for impairment of goodwill made for the year ended 31 December 2022 was related to a traditional advertising operation under the Advertising Group. The provision for impairment of goodwill was made with reference to the reduced estimated recoverable value of the cash-generating unit in the above-mentioned segment. The estimated recoverable values were determined based on higher of value-in-use or fair value less costs of disposal.

4 Investments accounted for using the equity method

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

	2022 HK\$'000	2021 HK\$'000
Associated companies, as at 31 December	<u>401,060</u>	<u>158,934</u>

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

	2022 HK\$'000	2021 HK\$'000
Associated companies, for the year ended 31 December	(48,964)	(62,969)
Reversal of provision for impairment in investments accounted for using the equity method (note)	<u>225,322</u>	<u>–</u>
	<u>176,358</u>	<u>(62,969)</u>

Note:

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

On 29 July 2022, the Subscription of Ule was completed. The equity interest in Ule held by the non-wholly owned subsidiary of the Group decreased from 42.00% to 22.39%. Accordingly, a gain on dilution of shareholding in Ule of approximately HK\$65,131,000 was recognized in the consolidated income statement for the year ended 31 December 2022 (note 6).

After the completion of the Subscription of Ule, management has assessed and considered that 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 31 December 2022.

5 Other operating expenses, net and other gains, net

Other operating expenses, net:

	2022 HK\$'000	2021 HK\$'000
Staff costs	87,091	94,043
Travel and entertainment	1,000	1,435
Provision for inventories	13,587	18,769
(Reversal of provision)/provision for impairment of trade receivables, net	(48)	128
Depreciation of fixed assets	7,248	10,127
Depreciation of right-of-use assets	21,079	22,314
Amortisation of other intangible assets	3	3
Government subsidies related to COVID-19	(1,277)	(4,802)
Other expenses	14,005	4,209
	<u>142,688</u>	<u>146,226</u>

Other gains, net:

	2022 HK\$'000	2021 HK\$'000
Dividend income from financial assets at FVOCI	1,157	916
Gain on disposal of fixed assets	–	96
Gain on disposal of subsidiaries	–	3,336
Gain on dilution of shareholding in associated companies (note 6(a))	65,131	–
Fair value loss on revaluation of investment properties	(146)	(73)
Exchange (loss)/gain, net	(20,875)	5,474
	<u>45,267</u>	<u>9,749</u>

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

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

	2022 HK\$'000	2021 HK\$'000
Charging:		
Depreciation of fixed assets	11,523	15,509
Depreciation of right-of-use assets	25,033	26,990
Amortisation of other intangible assets	111,629	117,434
Provision for impairment of goodwill (note 3)	18,103	–
Fair value loss on revaluation of investment properties	146	73
Exchange loss, net	20,875	–
	<u>208,309</u>	<u>260,006</u>
Crediting:		
Reversal of provision for impairment in amounts due from associated companies (note 3)	78,746	–
Reversal of provision for impairment in investments accounted for using the equity method (notes 3 and 4)	225,322	–
Gain on dilution of shareholding in associated companies (note a)	65,131	–
Dividend income from financial assets at FVOCI	1,157	916
Gain on disposal of subsidiaries (note b)	–	3,336
Gain on disposal of fixed assets	–	96
Exchange gain, net	–	5,474
	<u>370,356</u>	<u>9,822</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 consolidated income statement.

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

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

Notes:

- (a) On 29 July 2022, the Group announced the Subscription of Ule was completed. Following the Subscription of Ule, the equity interest in Ule held by the non-wholly owned subsidiary of the Group decreased from 42.00% to 22.39%. Ule continues to be accounted for as an associated company of the Group and the Subscription of Ule was considered as deemed disposal transaction. Accordingly, a gain on dilution of shareholding in Ule of approximately HK\$65,131,000 was recognized in the consolidated income statement for the year ended 31 December 2022.
- (b) In April and June 2021, a subsidiary of the Advertising Group entered into an agreement and a supplemental agreement to dispose its entire interests in subsidiaries engaging in outdoor media business, at a total consideration of RMB110,000 (approximately HK\$133,000). Upon completion of the disposal of equity interests in the subsidiaries, a gain on disposal of approximately HK\$3,687,000 was recognized in the consolidated income statement for the year ended 31 December 2021.

In August 2021, a subsidiary of the Advertising Group entered into an agreement to dispose its entire interests in a subsidiary engaging in outdoor media business, at a total consideration of RMB200,000 (approximately HK\$240,000). Upon completion of the disposal of equity interests in the subsidiary, a gain on disposal of approximately HK\$1,354,000 was recognized in the consolidated income statement for the year ended 31 December 2021.

In December 2021, a subsidiary of the Advertising Group was disposed and a loss on disposal of approximately HK\$1,705,000 was recognized in the consolidated income statement for the year ended 31 December 2021.

7 Finance costs, net

	2022 HK\$'000	2021 HK\$'000
Interest and borrowing costs on bank loans	86,251	58,116
Interest costs on lease liabilities	358	483
Bank interest income	(2,753)	(3,432)
	<u>83,856</u>	<u>55,167</u>

Note:

No interest has been capitalised for the year (2021: Same).

8 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	2022 HK\$'000	2021 HK\$'000
Overseas taxation	18,930	15,407
Under-provision in prior years	663	972
Deferred taxation	<u>(2,164)</u>	<u>(1,510)</u>
Taxation charge	<u>17,429</u>	<u>14,869</u>

9 Dividends

No dividends had been paid or declared by the Company during the year (2021: Nil).

10 Earnings/(loss) per share

(a) Basic

The calculation of basic earnings/(loss) per share is based on consolidated profit attributable to equity holders of the Company of HK\$142,420,000 (2021: loss of HK\$114,106,000) and the weighted average of 3,958,510,558 (2021: 3,958,510,558) ordinary shares in issue during the year.

(b) Diluted

Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share for the year ended 31 December 2022 (2021: Same).

11 Trade and other receivables

	2022 HK\$'000	2021 HK\$'000
Trade receivables	212,379	223,044
Prepayments, deposits and other receivables	<u>216,791</u>	<u>43,382</u>
	<u>429,170</u>	<u>266,426</u>

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 180 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

As at 31 December 2022 and 2021, the ageing analyses of the Group's trade receivables, based on terms specified in the contracts governing the relevant transactions, were as follows:

	2022 HK\$'000	2021 HK\$'000
Current	128,382	109,107
31 – 60 days	41,535	51,855
61 – 90 days	21,918	29,698
Over 90 days	<u>50,775</u>	<u>64,991</u>
	242,610	255,651
Less: Provision for impairment	<u>(30,231)</u>	<u>(32,607)</u>
	<u>212,379</u>	<u>223,044</u>

12 Trade and other payables

	2022 HK\$'000	2021 HK\$'000
Trade payables	115,690	131,703
Other payables and accruals	311,929	318,679
Contract liabilities	106,918	118,139
	<u>534,537</u>	<u>568,521</u>

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

As at 31 December 2022 and 2021, the ageing analyses of the Group's trade payables, based on terms specified in the contracts governing the relevant transactions, were as follows:

	2022 HK\$'000	2021 HK\$'000
Current	59,291	64,051
31 – 60 days	9,057	14,822
61 – 90 days	5,217	5,764
Over 90 days	42,125	47,066
	<u>115,690</u>	<u>131,703</u>

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 2022. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions of the Corporate Governance Code throughout the year ended 31 December 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Group's code of conduct regarding Directors' securities transactions. In response to specific enquiry made with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code regarding their securities transactions throughout their tenure during the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 4 May 2023 to Tuesday, 9 May 2023, both days inclusive, during which period no transfer of shares will be effected, to determine shareholders' entitlement to attend and vote at the 2023 Annual General Meeting (or at any adjournment or postponement thereof). All transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Wednesday, 3 May 2023.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday, 9 May 2023. Notice of the 2023 Annual General Meeting will be published and issued to shareholders in due course.

CORPORATE STRATEGY

The principle objective of the Group 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 performance of the Group and the basis on which the Group generates or preserves value in the longer term and the strategy for delivering the objectives of the Group. The Group is increasingly focusing on sustainability and delivering business solutions that support its growth and development. 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 operations of the Group contained in this announcement are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

DEFINITIONS

“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:

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)