

TARGET

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TOM GROUP LTD: THIS COMPANY HAS SOME POWERFUL FRIENDS

TOM Group Ltd (TOM 集團有限公司) (Code: 2383, Main Board, The Stock Exchange of Hongkong Ltd) is an investment holding company, principally engaged in magazine and book circulation, the sales of publication advertising, and other related products.

Its media businesses cover both publishing and advertising segments.

The Company is headquartered in The Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC).

The Group's regional headquarters, however, are located in Beijing (the Capital City of the PRC), and Taipei.

TOM Group Ltd had a workforce, numbering 1,200 employees, as at December 31, 2023.

The 2023 Annual Report of the Company, covering 188 pages, was published and disseminated in the HKSAR on or about Wednesday, March 27, 2024.

At Pages Four and Five of the 2023 Annual Report, Mr Frank John Sixt (陸法蘭), the Chairman of the Board of Directors of the Company, had this to impart to his shareholders:

'In 2023, TOM Group continued to focus on high growth potential sectors such as China rural e-commerce/supply chain, fintech and advanced data analytics, and at the same time continued to drive digital development for its publishing business.'

'Headwinds for 2023 included the strong US dollar, geopolitical tensions, cost inflation and higher interest rates, all of which affected business confidence and market sentiment. As a result, the Group's consolidated revenue decreased by 5.5% to HK\$784 million. Gross revenues from Media businesses and Technology Platform and Investments amounted to HK\$757 million and HK\$31 million respectively.'

'The Group's loss before net finance costs and taxation and loss attributable to shareholders were HK\$8 million and HK\$221 million'

respectively, driven by increased finance costs and lower reversal of impairment loss and dilution gain in relation to Ule in 2023. A reversal of impairment loss of approximately HK\$14 million and a goodwill impairment of approximately HK\$8 million, which are non-cash in nature, were recognised for the Group's investment in Ule and for Social Network Group respectively in 2023. Excluding such one-off effects, loss before net finance costs and taxation narrowed from HK\$65 million in 2022 to HK\$15 million.

'Ule (Ule Holdings Ltd), the Group's investment in E-Commerce business with China Post (China Post Group Corporation Ltd [中國郵政集團有限公司]) , continued the development of its rural e-commerce business with a focus on supply chain innovation. After the completion of China Post HK's capital injection in 2022, Ule's total GMV (Gross Merchandise Value) increased by 47.8% to RMB18,107 million in 2023. A reversal of impairment loss of approximately HK\$14 million, which is non-cash in nature, was recognised in relation to the amount due from Ule in the year. This reversal of impairment loss is in addition to the reversal of impairment loss of approximately HK\$304 million as reported in 2022 Annual Report. The impairment loss was first recognised in 2020 Annual Report.*

'Pixnet, the Group's social digital media business, continues to be the largest user-generated content platform in Taiwan. Gross revenue of Pixnet was HK\$25 million and segment loss was HK\$15 million for the year. The Company has recognised an impairment loss of HK\$8 million by applying the expected cash flow approach to reflect the ongoing challenging market environment for Social Network Group.

'The Publishing Group in Taiwan maintained its leadership position in its markets. Despite unfavorable exchange rate translation impact, the Publishing Group showed resilience and reported gross revenue of HK\$742 million and segment profit of HK\$73 million.

'Going forward, management will remain focused on selectively pursuing growth opportunities while maintaining stable performance 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.'

** China Post Group Corporation Ltd is a State-Owned enterprise of the Government of the PRC, being separate and distinct from the HKSAR of the PRC, along with its subsidiaries.*

The businesses of TOM Group Ltd are said to be operated in three main geographic areas, to wit:

- The HKSAR – Publishing Group;
- The PRC, Proper – E-Commerce, Mobile Internet Group and Advertising Group; and,
- Taiwan and other Asian countries – Social Network Group and Publishing Group.

The following Revenue Analysis has been presented in respect of the main geographic areas from where the Company obtained its annual income:

	2023 <u>\$HK'000</u>	2022 <u>\$HK'000</u>	Percentage <u>Increase/(Decrease)</u>
The HKSAR:	51,008	43,960	16.03
The PRC, Proper:	21,182	29,378	(27.90)
Taiwan and Other Asian Countries:	712,256	756,783	(5.88)

THE FINANCIALS OF TOM GROUP LTD

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