



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 2007

For the six months ended 30 June 2007:

- Group Revenues were HK\$1,347 million
- Segment profit was HK\$129 million
- EBITDA was HK\$97 million
- Loss attributable to shareholders was HK\$72 million
- Loss per share from continuing operations was HK 1.81 cents

CHAIRMAN'S STATEMENT

I am pleased to announce the results of TOM Group Limited ("TOM" or the "Company") and its subsidiaries (collectively referred to as the "TOM Group" or the "Group") for the six months ended 30 June 2007.

The first half of 2007 was challenging for TOM Group but the performance of various business groups were encouraging. While the overall performance of the Group was impacted by the online business; all the offline business groups showed improvements in both revenues and segment profit.

Financial Highlights

	For the six months ended	
	30 June 2007	30 June 2006*
	HK\$'000	HK\$'000
Revenues		
Offline business	782,151	691,259
Online business	564,859	781,881
	1,347,010	1,473,140
Segment profit		
Offline business	72,416	52,803
Online business	56,500	207,602
	128,916	260,405
(Loss)/ profit attributable to shareholders	(72,346)**	91,262***
Basic (Loss)/earnings per share (HK cents)	(1.81)**	2.69***

* Restated to reflect the discontinued operations of the Sports Group

** Included TOM Online's goodwill impairment of HK\$53 million and share of TOM Eachnet's loss of HK\$54 million

*** Included a deemed disposal net gain of HK\$25 million

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- EBITDA was HK\$97 million
- Loss attributable to shareholders was HK\$72 million
- Loss per share from continuing operations was HK1.81 cents

Financial Performance

For the six months ended 30 June 2007, the TOM Group reported revenues of HK\$1,347 million, a drop of 8.6% compared to the same period last year's HK\$1,473 million. Segment profit was HK\$129 million versus last year's HK\$260 million. Segment profit margin was 9.6% compared to last year's 17.7%. Loss attributable to shareholders was HK\$72 million (included TOM Online's goodwill impairment of HK\$53 million and share of TOM Eachnet's loss of HK\$54 million) versus profit attributable to shareholders of HK\$91 million reported in the same period last year (included a deemed disposal net gain of HK\$25 million). Loss per share from continuing operations for the six months was HK1.81 cents.

The Internet Group reported revenues of HK\$565 million, a drop of 27.8% compared to last year's HK\$782 million. Segment profit for the period dropped by 72.8% to HK\$57 million. Revenues of the Publishing Group increased by 3.4% to HK\$482 million for the six months, compared to last year's HK\$466 million; segment profit grew by 9.6% to HK\$72 million, versus last year's HK\$66 million. Revenues of the Outdoor Media Group grew by 15.3% to HK\$213 million, compared to last year's HK\$185 million; segment profit was HK\$14 million versus last year's HK\$12 million. The Television and Entertainment Group reported revenues of HK\$87 million for the period, which included HK\$41 million of revenues generated by Yangcheng ("YC"). Excluding the revenues of YC, the Television and Entertainment Group posted a growth of 14.1% to HK\$46 million in revenues compared to last year's HK\$40 million. Segment loss for the Television and Entertainment group was HK\$14 million; excluding YC's segment profit of HK\$1.2 million, segment loss of the Television and Entertainment Group reduced by 39.3% to HK\$15 million, versus last year's HK\$25 million.

Business Review

INTERNET GROUP

Revenues of the Internet Group for the period were HK\$565 million, a drop of 27.8% versus last year's HK\$782 million. Operations of TOM Online made up about 97.9% of Internet Group's total revenues. Segment profit dropped by 72.8% to HK\$57 million compared to last year's HK\$208 million. Segment profit margin for the period was 10.0% versus last year's 26.6%.

For the first six months of 2007, total wireless Internet revenues dropped by 31.9% to HK\$484 million versus last year's HK\$711 million and accounted for 89.3% of TOM Online's total revenues. Online advertising revenues dropped by 8.3% to HK\$47 million compared to last year's HK\$51 million, and made up about 8.7% of TOM Online's total revenues.

In May 2007, China Mobile introduced a new practice of sending fee reminders to its WAP service users when they request downloads of WAP pages onto their mobile handsets and seeking their confirmation before such download requests are processed. Furthermore, in the past, China Mobile entered into its own strategic alliances with selected mobile phone producers pursuant to which it embedded menus in their handsets for all the best-selling products on China Mobile's Monternet wireless portal, including certain of our products. However, beginning in May 2007, China Mobile has started to promote only its own wireless value-added service products in such menus and does not include ours or those of any other third-party value-added service providers. These policies had a significant adverse impact on TOMO's wireless Internet business in 2Q07. A goodwill impairment of

approximately HK\$53 million on the Wireless Internet business was made for the six months.

Although these new measures adversely impacted TOM Online in the period and the last half of 2006 in the short run, we believe that in the longer term there remains good opportunities for the continued development of our wireless Internet businesses. Throughout this difficult period, TOM Online has maintained a healthy working relationship with China Mobile. In addition, certain products, such as SMS ("Short Messaging Service") and CRBT ("Color Ring Back Tone") continued to post growth (14% and 3% respectively in the second quarter of 2007 compared with the first quarter of the year). For the first six months of 2007, revenues CRBT grew 19% over last year.

Online advertising reported revenues of HK\$47 million, representing a drop of 8.3% compared to last year's HK\$51 million.

Beginning on February 1, 2007, TOMO recognized its share of losses from the TOM Eachnet JV based on the equity method of accounting. For the six months ended June 30, 2007, its 51% share of losses from the TOM Eachnet JV was approximately HK\$54 million and has been included in share of loss on equity investment in a joint venture in the unaudited consolidated profit and loss account.

Before its share of start-up losses of TOM Eachnet JV and the goodwill impairment, TOM Online achieved positive cashflow from operations of HK\$55 million for the first half of the year.

The new platform of TOM Eachnet was formally launched on 12 July 2007 with a more simplified and user-friendly interface for Chinese users. The independent platform in China is much more responsive to users' requests and functionality updates. Daily page views reached 17 million in early August. The TOM Eachnet platform is now a standalone platform. More new functions will be launched and marketing efforts which has been put on hold during the development of the new platform will be stepped up in the coming months to enhance traffic and transaction volume of the website.

At the end of July 2007, TOM-Skype registered users were 51.0 million, up from over 35.5 million at the end of March 2007. Value added services will be launched in the near future to leverage on the user base.

PUBLISHING GROUP

The Publishing Group reported revenues of HK\$482 million for the first six months of 2007, a moderate growth of 3.4% over last year's HK\$466 million. Segment profit of the group grew by 9.6% to HK\$72 million, compared to last year's HK\$66 million. Segment profit margin for the six months improved from last year's 14.1% to 14.9%. Excluding the disposal gain of HK\$14 million from the disposal of Yazhou Zhoukan in the first half of 2006, segment profit increased by 41.2% and segment profit margin improved from last year's 10.9% to 14.9% for the six months.

In the first half of 2007, advertising revenues made up 31% of the group's total, magazine sales made up 24%, while book sales accounted for 41%. Revenue from Taiwan accounted for 98% of the total revenues, with the rest generated from Mainland China and Hong Kong.

The performance of Taiwan Publishing in the first half was encouraging given the competitive operating environment in which it operates. The Taiwan magazine business continued to perform well in the first half of the year. Advertising revenues of the Taiwan magazines maintained steady growth in the first half of the year. Magazine circulation volume increased about 20% over the same period last year. *Mom Baby*, a magazine published by *Nong Nong*, received an award as the most popular magazine for female in the age group of 25 to 34 from AC Nielsen, while *Citta Bella* became one of the top two fashion magazines in Taiwan. Two news stories reported by Business Weekly received the

SCOOP Award and Excellence in Reporting Breaking News award from The Society of Publishers in Asia.

With the emphasis on profitability, the number of new book titles published by the Taiwan operations reduced by 13.4% for the first six months of the year as planned, and the total number of new books printed reduced by similar percentage compared to last year. Revenues of Cite, grew by 14.3% to HK\$119.7 million, gross profit grew by 37.4% to HK\$50 million and gross profit margin improved from last year's 35.0% to 42.1%.

Performance of the five magazines developed and launched in Mainland China by Taiwan operations were encouraging albeit they were still in investment stage. The number of subscribers increased more than 4 fold versus the same period last year; circulation revenues increased by 45.2% to HK\$1.5 million. Advertising revenues increased 24.4% over the same period last year, total number of pages for advertisement increased 46.2% over the past year. The February 2007 issue of "DG Best" awarded as one of the top 10 popular magazines in a survey conducted by ZCOM, a leading Internet magazine distributors in Mainland China.

Pixnet, (www.pixnet.net) a leading social networking website in Taiwan, acquired in February 2007, has been performing well. During the past six months since its acquisition, Pixnet's ranking in terms of traffic in Taiwan went up from 59th to 24th according to Alexa, an information company. In addition to increasing traffic, Pixnet has begun to generate advertising revenue. Pixnet acts as pre-marketing and pre-research platform for new books launched by the group and also produces online social networking channels for magazines within the group.

OUTDOOR MEDIA GROUP

Revenues of the Outdoor Media Group ("OMG") were HK\$213 million for the first six months of 2007, a growth of 15.3% compared to the same period last year's HK\$185 million. Segment profit of the group grew by 19.1% to HK\$14 million versus last year's HK\$12 million. Segment profit margin was 6.7% compared to last year's 6.5%.

In the first six months of 2007, revenues from self-owned/leased media made up 61% of the total, media buying made up 27%, with the remainder generated from professional services. Average selling price of self-built/leased assets for the period increased 24.7% over the same period last year. Average selling price of billboard and unipole increased 38.4% versus last year.

Total media asset space of OMG maintained at about 340,000 square meters; self-owned/leased assets made up about 87% of total assets, and the remainder was media buying. Billboard and unipole made up 77% of the total media assets, street furniture and transportation advertisings made up 22% and remaining 1% were other media. Occupancy rate of self-owned/leased assets were about 71% compared to 73% at the end of 2006.

OMG has been stepping up its development in the first tier cities including Beijing, Shanghai, Guangzhou and Shenzhen in the first six months of the year; apart from the development of digital light boxes in Puxi of Shanghai and various projects in negotiations in Shanghai, it has just secured several spectacular billboards located in a prime location of Beijing city in July 2007. OMG believes that the newly secured billboards will enable the group to capture good business opportunities resulting from the 2008 Beijing Olympics.

In the first half of the year, OMG continued to expand its media assets portfolio in different higher margin categories in the first tier cities as well as leading second tier cities, though the focus of the group remains on billboard and unipole. Initiatives were also undertaken to strengthen the group's network sales by enhanced integration within subsidiaries. As at 30 June 2007, OMG operated 16 subsidiaries with advertising presence in over 60 cities throughout Mainland China.

TELEVISION AND ENTERTAINMENT GROUP

Revenues of the Television and Entertainment Group grew by 116.1% to HK\$87 million, compared to last year's HK\$40 million. Starting from the fiscal year of 2007, results of YC, previously a sports marketing company, are grouped under the Television and Entertainment Group. In the first half of the year, YC reported revenues of HK\$41 million which were mainly advertising revenues. Excluding the revenues of YC, the Television and Entertainment Group posted a growth of 14.1% to HK\$46 million in revenues compared to last year's HK\$40 million. Segment loss for the Television and Entertainment group was HK\$14 million; excluding YC's segment profit of HK\$1.2 million, segment loss of the Television and Entertainment Group reduced by 39.3% to HK\$15 million versus last year's HK\$25 million.

Advertising revenues made up 80% of the total revenues of CETV for the six months ended 2007, compared to last year's 86%; with the rest contributed by new media, events and program syndication. Revenues from event management of CETV increased substantially at over 50% versus last year; contracts secured and to be recognized in the second half of the year amounted to over HK\$17 million. Leveraging on its broadcasting platform, CETV organized events for certain large local clients such as Shenzhen Telecom as well as various international brands. Program syndication of CETV maintained a moderate growth in the first half of 2007 and it is expected that with more in-house productions in pipeline, revenues from program syndication will continue to grow.

A new company was set up under the Television and Entertainment Group to further pursue new media initiatives. The new TV Interactive company will work closely with TOMO and CETV in producing interactive programs leveraging the multi-media platform of TOM Group. The new company will also work with other wireless services providers and television networks.

The restructuring of YC held in the first half of 2006 has successfully repositioned the Company as an integrated marketing communication expert. In the first half of the year, revenues of YC were mainly generated from event, PR promotion production services and media buying business. YC has organized events for various international brands, including a countrywide campaign for *Nokia* covering 42 cities throughout Mainland China. The Company has also played a significant role in cross-selling relevant products from all of TOM Group's business groups, especially OMG and CETV.

BUSINESS OUTLOOK

The privatization of TOM Online was approved by a majority of votes by shareholders in the Court meeting and EGM held on 10 August 2007 respectively. This will result in an estimated annual operating saving of HK\$40 million, TOM Online's joint ventures with Skype and Ebay will diversify and broaden the revenues streams of the Group's online businesses. The TV Interactive company will expand both the content production and distribution capabilities of the Group. These initiatives, together with continued focus on operating and financial disciplines in the Publishing, Outdoor Media and Television and Entertainment Groups should lay the foundation for improved performance going forward.

I would like to take this opportunity to thank the management and staff for their continuing hard work and dedication.

Frank Sixt
Chairman

Hong Kong, 21 August 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 30 June 2007, TOM Group had bank and cash balance, including pledged deposits, of approximately HK\$1,686 million and listed debt securities of approximately HK\$1,692 million, of which bank balance and listed debt securities of approximately HK\$36 million and HK\$1,614 million, respectively were pledged to secure bank loan facilities of the Group. A total of HK\$4,740 million financing facilities from banks were available, of which HK\$2,485 million had been drawn down to finance the Group's acquisitions, capital expenditures and for working capital purposes as at 30 June 2007. This total available financing facilities included a total of US\$230 million (approximately HK\$1,794 million) which was secured by the Group for the purpose of financing the privatization of TOM Online as disclosed in the scheme document dated 30 April 2007 jointly issued by TOM Online and the Group.

Total borrowings of TOM Group amounted to approximately HK\$2,681 million as at 30 June 2007. This included liability portion of convertible bonds of approximately HK\$196 million, long-term bank and other loans of approximately HK\$2,133 million and short-term bank and other loans of approximately HK\$352 million. The gearing ratio of TOM Group was 38.1% as at 30 June 2007, as compared to 40.3% as at 31 December 2006.

As at 30 June 2007, the Group had net current assets of approximately HK\$990 million, as compared with HK\$864 million as at 31 December 2006.

As at 30 June 2007, the current ratio of TOM Group was 1.47 compared to 1.43 as at 31 December 2006.

For the six months of 2007, the Group generated net cash of HK\$9 million from its operating activities, as compared to net cash inflow of approximately HK\$274 million in the same period of 2006.

Charges on Group Assets

As at 30 June 2007, the Group had listed debt securities with a market value of approximately HK\$1,614 million pledged to banks for securing bank loans and the amount drawn down by the Group was HK\$1,489 million. In addition, bank deposits, cash and other assets at total net book value of approximately HK\$42 million were pledged to banks for securing banking and other facilities granted to certain subsidiaries and an associate company of the Group.

Foreign Exchange Exposure

In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary, to minimize currency risk.

Contingent Liabilities

As at 30 June 2007, TOM Group had no material contingent liabilities.

Employee Information

As at 30 June 2007, TOM Group had 3,991 full-time employees. During the first six months of the year, employee and stock option costs, including Directors' emoluments, totaled at HK\$300 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2006.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

		Unaudited	
		Six months ended 30 June	
	Note	2007	2006
		HK\$'000	HK\$'000
			(As restated)
Continuing operations			
Turnover	2	1,347,010	1,473,140
Cost of sales		(877,495)	(876,220)
Interest income		50,204	49,544
Selling and marketing expenses		(160,728)	(151,610)
Administrative expenses		(118,177)	(128,534)
Other operating expenses		(135,062)	(132,262)
Provision for goodwill impairment	3	(53,283)	-
Share of losses of jointly controlled entities		(54,030)	(327)
Share of profits of associated companies		8,435	5,014
Operating profit before net gain on deemed disposals of interests in subsidiaries		6,874	238,745
Net gain on deemed disposals of interests in subsidiaries	4	-	24,601
Operating profit	5	6,874	263,346
Finance costs	6	(68,792)	(66,818)
(Loss) / profit before taxation		(61,918)	196,528
Taxation	7	(24,412)	(20,542)
(Loss) / profit for the period from continuing operations		(86,330)	175,986
Discontinued operations			
Loss for the period from discontinued operations	8	(1,780)	(13,938)
(Loss) / profit for the period		(88,110)	162,048
Attributable to:			
Minority interests		(15,764)	70,786
Equity holders of the Company		(72,346)	91,262
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the period	10		
From continuing operations			
Basic		HK(1.81)cents	HK2.69cents
Diluted		N/A	N/A
From discontinued operations			
Basic		HK(0.05)cents	HK(0.34)cents
Diluted		N/A	N/A

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	30 June 2007 Unaudited HK\$'000	31 December 2006 Audited HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		275,119	302,314
Goodwill		2,637,585	2,719,455
Other intangible assets		70,843	104,316
Interests in jointly controlled entities		(36,454)	14,171
Interests in associated companies		231,146	231,093
Available-for-sale financial assets		1,745,743	1,986,388
Loans and receivables		2,112	2,091
Deferred tax assets		45,521	42,896
Other non-current assets		21,823	19,501
		<u>4,993,438</u>	<u>5,422,225</u>
Current assets			
Assets classified as held for sale		210,384	93,973
Inventories		128,145	130,068
Trade and other receivables	11	1,056,579	988,133
Restricted cash		35,575	37,546
Bank balances and cash		1,650,696	1,618,778
		<u>3,081,379</u>	<u>2,868,498</u>
Current liabilities			
Liabilities classified as held for sale		11,011	7,920
Consideration payables		134,330	129,220
Trade and other payables	12	803,983	816,689
Taxation payable		45,165	56,858
Long-term bank loans - current portion		745,060	265,786
Short-term bank and other loans		351,810	727,569
		<u>2,091,359</u>	<u>2,004,042</u>
Net current assets			
		<u>990,020</u>	<u>864,456</u>
Total assets less current liabilities			
		<u>5,983,458</u>	<u>6,286,681</u>
Non-current liabilities			
Deferred tax liabilities		14,650	11,617
Other non-current liabilities	13	1,612,467	1,953,286
		<u>1,627,117</u>	<u>1,964,903</u>
Net assets			
		<u>4,356,341</u>	<u>4,321,778</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		389,328	389,328
Reserves	14	2,547,430	2,544,673
Own shares held		(6,244)	(6,244)
Shareholders' funds		<u>2,930,514</u>	<u>2,927,757</u>
Minority interests		1,425,827	1,394,021
Total equity		<u>4,356,341</u>	<u>4,321,778</u>

NOTES

1 Basis of preparation and accounting policies

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2006 annual financial statements of the Group.

The accounting policies and methods of computation used in preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2007:

Amendment to HKAS 1	"Presentation of Financial Statements: Capital Disclosures"
HKFRS 7	"Financial Instruments: Disclosures"
HK(IFRIC)-Int 7	"Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies"
HK(IFRIC)-Int 8	"Scope of HKFRS 2"
HK(IFRIC)-Int 9	"Reassessment of Embedded Derivatives"
HK(IFRIC)-Int 10	"Interim Financial Reporting and Impairment"

All the new standards, amendments to standards and interpretations above are either not relevant or do not have material impacts to the Group.

2 Segment reporting

Primary reporting format - business segments

The Group is organised into the following business segments:

Continuing operations

- Internet Group - provision of wireless internet services, online advertising, commercial enterprise solutions, and internet access.
- Publishing Group - magazine and book circulation, sales of publication advertising and other related products.
- Outdoor Media Group - advertising sales of outdoor media assets and provision of outdoor media services.
- Television and Entertainment Group - advertising sales, provision of broadcasting post production services, event organisation and sponsorship sales.

Discontinued operations

- Sports Group - event organisation, advertising and sponsorship sales in relation to sports events and programmes.

Since 1 January 2007, Sports Group has ceased to participate in or organise any sports events. Further details of the discontinuation of the Sports Group segment are set out in note 8.

2 Segment reporting

Primary reporting format - business segments

Unaudited Six months ended 30 June 2007							
	Continuing Operations				Discontinued Operations		Total
	Internet Group	Publishing Group	Outdoor Media Group	Television and Entertainment Group	Sub-total	Sports Group	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total gross segment turnover	564,859	482,298	212,987	87,942	1,348,086	-	1,348,086
Inter-segment turnover	-	(116)	-	(960)	(1,076)	-	(1,076)
Turnover	564,859	482,182	212,987	86,982	1,347,010	-	1,347,010
Segment profit/(loss) before amortisation and depreciation	98,593	80,857	31,463	1,090	212,003	(1,808)	210,195
Amortisation and depreciation	(42,093)	(8,854)	(17,162)	(14,978)	(83,087)	(48)	(83,135)
Segment profit/(loss)	56,500	72,003	14,301	(13,888)	128,916	(1,856)	127,060
Provision for goodwill impairment	(53,283)	-	-	-	(53,283)	-	(53,283)
Share of losses of jointly controlled entities	(54,030)	-	-	-	(54,030)	-	(54,030)
Share of profits of associated companies	229	8,206	-	-	8,435	-	8,435
Unallocated (costs)/income					(23,164)	76	(23,088)
Operating profit/(loss)					6,874	(1,780)	5,094
Finance costs					(68,792)	-	(68,792)
Loss before taxation					(61,918)	(1,780)	(63,698)
Taxation					(24,412)	-	(24,412)
Loss for the period					(86,330)	(1,780)	(88,110)
Attributable to:							
Minority interests					(15,764)	-	(15,764)
Equity holders of the Company					(70,566)	(1,780)	(72,346)
Segment capital expenditure	10,978	3,878	12,292	18,693	45,841	-	45,841
Unallocated capital expenditure							467
Total capital expenditure							46,308

2 Segment reporting

Primary reporting format - business segments

	Unaudited Six months ended 30 June 2006 (restated)						
	Continuing Operations				Discontinued Operations		
	Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertain- ment Group HK\$'000	Sub-total HK\$'000	Sports Group HK\$'000	Total HK\$'000
Total gross segment turnover	781,881	467,739	184,728	44,198	1,478,546	49,482	1,528,028
Inter-segment turnover	-	(1,452)	-	(3,954)	(5,406)	(625)	(6,031)
Turnover	781,881	466,287	184,728	40,244	1,473,140	48,857	1,521,997
Segment profit/(loss) before amortisation and depreciation	244,581	75,511	27,583	(3,950)	343,725	(14,012)	329,713
Amortisation and depreciation	(36,979)	(9,823)	(15,575)	(20,943)	(83,320)	(291)	(83,611)
Segment profit/(loss)	207,602	65,688	12,008	(24,893)	260,405	(14,303)	246,102
Share of losses of jointly controlled entities	(327)	-	-	-	(327)	-	(327)
Share of (losses)/profits of associated companies	(108)	5,122	-	-	5,014	-	5,014
Unallocated (costs)/income					(26,347)	233	(26,114)
Operating profit/(loss) before net gain on deemed disposals					238,745	(14,070)	224,675
Net gain on deemed disposals of interests in subsidiaries	-	-	24,601	-	24,601	-	24,601
Operating profit/(loss)					263,346	(14,070)	249,276
Finance costs					(66,818)	-	(66,818)
Profit/(loss) before taxation					196,528	(14,070)	182,458
Taxation					(20,542)	132	(20,410)
Profit/(loss) for the period					175,986	(13,938)	162,048
Profit/(loss) attributable to Minority interests					71,331	(545)	70,786
Profit/(loss) attributable to Equity holders of the Company					104,655	(13,393)	91,262
Segment capital expenditure	34,917	7,745	11,921	18,923	73,506	64	73,570
Unallocated capital expenditure							777
Total capital expenditure							74,347

2 Segment reporting

Secondary reporting format - geographical segments

	Unaudited Turnover					
	Six months ended 30 June 2007			Six months ended 30 June 2006		
	Continuing <u>Operations</u>	Discontinued <u>Operations</u>	Consolidated <u>Total</u>	Continuing <u>Operations</u>	Discontinued <u>Operations</u>	Consolidated <u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	7,704	-	7,704	8,152	-	8,152
Mainland China	866,819	-	866,819	994,779	48,857	1,043,636
Taiwan and other Asian countries	472,487	-	472,487	470,209	-	470,209
	<u>1,347,010</u>	<u>-</u>	<u>1,347,010</u>	<u>1,473,140</u>	<u>48,857</u>	<u>1,521,997</u>
	<u><u>1,347,010</u></u>	<u><u>-</u></u>	<u><u>1,347,010</u></u>	<u><u>1,473,140</u></u>	<u><u>48,857</u></u>	<u><u>1,521,997</u></u>
	Unaudited Operating profit / (loss)					
	Six months ended 30 June 2007			Six months ended 30 June 2006		
	Continuing <u>Operations</u>	Discontinued <u>Operations</u>	Consolidated <u>Total</u>	Continuing <u>Operations</u>	Discontinued <u>Operations</u>	Consolidated <u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	(5,547)	-	(5,547)	(399)	-	(399)
Mainland China	130,349	(1,808)	128,541	269,814	(14,012)	255,802
Taiwan and other Asian countries	87,201	-	87,201	74,310	-	74,310
	<u>212,003</u>	<u>(1,808)</u>	<u>210,195</u>	<u>343,725</u>	<u>(14,012)</u>	<u>329,713</u>
Amortisation and depreciation	(83,087)	(48)	(83,135)	(83,320)	(291)	(83,611)
Provision for goodwill impairment	(53,283)	-	(53,283)	-	-	-
Share of losses of jointly controlled entities	(54,030)	-	(54,030)	(327)	-	(327)
Share of profits of associated companies	8,435	-	8,435	5,014	-	5,014
Net gain on deemed disposals of interests in subsidiaries	-	-	-	24,601	-	24,601
Unallocated (costs)/income	<u>(23,164)</u>	<u>76</u>	<u>(23,088)</u>	<u>(26,347)</u>	<u>233</u>	<u>(26,114)</u>
Operating profit/(loss)	<u><u>6,874</u></u>	<u><u>(1,780)</u></u>	<u><u>5,094</u></u>	<u><u>263,346</u></u>	<u><u>(14,070)</u></u>	<u><u>249,276</u></u>

3 Provision for goodwill impairment

In May 2007, China Mobile Communications Corporation (“China Mobile”) began the operational practice of displaying a service fee reminder to Wireless Application Protocol (WAP) service users when they requested for the download of a WAP page onto their mobile handsets and seeking their confirmation before processing the download request. In addition, China Mobile started to place links to only its own Wireless Value-added Services (WVAS) offerings on the embedded menus of mobile handsets with customized software for China Mobile users. In the past, such embedded menus on handsets featured links to all popular products on China Mobile’s networks, including the products of the Group. The Group believes the above changes by China Mobile could have an adverse impact on the Group’s WVAS business, in particular the WAP business.

In view of the adverse impact and the uncertainties in future operating environment, the Group tested the carrying value of goodwill in relation to the wireless internet business for impairment as at 30 June 2007 and recorded an impairment charge of HK\$53,283,000 for the six-month period ended 30 June 2007. The valuation was arrived at after using a combination of a market value approach (with comparisons to selected publicly traded companies operating in the same industry) and an income approach (discounted cash flows). Any continued adverse changes in mobile operators’ policies or in the competitive environment could lead to additional impairment charges and the Group is continually monitoring such changes to assess their impact on the Group.

4 Net gain on deemed disposals of interests in subsidiaries

On 28 March 2006, TOM Outdoor Media Group Limited (“TOM OMG”), a then wholly-owned subsidiary of the Company, issued a total of 35 new shares to an independent third party at a total consideration of US\$26 million (approximately HK\$202.8 million). As a result of this share issuance, the Group’s shareholding in TOM OMG has been diluted to 65%, and resulted in a gain on deemed disposal of HK\$24,601,000.

5 Operating profit

Operating profit is stated after charging / crediting the following:

	Unaudited	
	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Charging:		
<u>Continuing operations</u>		
Depreciation of fixed assets	60,012	57,818
Amortisation of other non-current assets	24,317	27,729
Amortisation of other non-current assets included in interests in associated companies	2,448	2,449
	<u> </u>	<u> </u>
<u>Discontinued operations</u>		
Depreciation of fixed assets	48	291
	<u> </u>	<u> </u>
Crediting:		
<u>Continuing operations</u>		
Gain on disposal of a subsidiary (Note)	-	14,698
Gain on disposal of available-for-sale financial assets (Note)	5,193	-
Dividend income from available-for-sales financial assets	-	543
	<u> </u>	<u> </u>
<u>Discontinued operations</u>		
Dividend income from available-for-sales financial assets	-	377
	<u> </u>	<u> </u>

Note: On 20 March 2006, the Group disposed of its 50% equity interests in Yazhou Zhoukan Holdings Limited, a then subsidiary of the Company, to Ming Pao Enterprise Corporation Limited ("Ming Pao"), a listed company on the Main Board of The Stock Exchange of Hong Kong Limited, for a consideration of 12,000,000 ordinary shares of Ming Pao ("Ming Pao Shares") which was valued at a total of approximately HK\$16 million. A gain on this disposal of HK\$14,698,000 was recorded by the Group. During the period ended June 2007, all Ming Pao Shares were sold which resulted in a profit of approximately HK\$5,193,000.

6 Finance costs

All finance costs were incurred in continuing operations and are shown as follows:-

	Unaudited	
	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	63,489	39,368
Interest and borrowing costs on convertible bonds	5,001	27,041
Interest on other loans, wholly repayable within five years	302	409
	<u>68,792</u>	<u>66,818</u>

7 Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the period. Taxation outside Hong Kong has been provided for at the applicable rates on the estimated assessable profits less available tax losses.

The amount of taxation charged in the consolidated profit and loss account represents:

	Unaudited	
	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
<u>Continuing operations</u>		
Overseas taxation	25,660	20,816
Over-provision in prior years	(2,139)	-
Deferred taxation	891	(274)
	<u>24,412</u>	<u>20,542</u>
<u>Discontinued operations</u>		
Over-provision in prior years	-	(132)
	<u>-</u>	<u>(132)</u>

For the periods ended 30 June 2007 and 2006, no taxation has been included in the consolidated profit and loss account as share of profits of associated companies.

8 Discontinued operations

Since 1 January 2007, the Group has ceased to participate in any sports related events and is in the process of selling the core assets in relation to the China Open tennis tournament event in Beijing ("China Open"). On 18 March 2007, pursuant to a series of agreements with an independent third party, the Group agreed to dispose of its 49% equity interest in the Beijing China Open Promotion Company Limited ("COL"), and 100% equity interests in Champion Will International Limited ("Champion Will") and Swidon Enterprises Limited ("Swidon") for a total consideration of US\$15.5 million (approximately HK\$121 million). COL is mainly engaged in the organisation of the China Open, while Champion Will and Swidon are the holders of the ATP and WTA licences, respectively. The completion of the disposal is subject to, among others, the approval of the relevant authorities.

In addition, 廣東羊城廣告有限公司 and 廣東羊城報業體育發展有限公司 (collectively "Yangcheng") which were mainly involved in sports events organisation in prior years, also commenced to focus their operations in non sports-related activities since 1 January 2007. As a result, the results and assets and liabilities of Yangcheng have been included in the Television and Entertainment Group in the current period.

Loss for the period from discontinued operations is analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Turnover	-	48,857
Interest income	76	233
Operating expenses	(1,856)	(63,160)
Operating loss	(1,780)	(14,070)
Taxation	-	132
Loss for the period	<u>(1,780)</u>	<u>(13,938)</u>
Attributable to :		
Minority interest	-	(545)
Equity holders of the Company	<u>(1,780)</u>	<u>(13,393)</u>

9 Dividend

No dividend has been paid or declared by the Company for the periods ended 30 June 2007 and 2006.

10 (Loss)/Earnings per share

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding own shares held.

	Unaudited Six months ended 30 June	
	2007	2006
<u>(Loss)/ Earnings from continuing operations</u>		
(Loss) / profit attributable to equity holders of the Company (HK\$'000)	(70,566)	104,655
Weighted average number of ordinary shares in issue	3,893,270,558	3,893,270,558
<u>Loss from discontinued operations</u>		
Net loss attributable to equity holders of the Company (HK\$'000)	(1,780)	(13,393)
<u>Continuing operations</u>		
Basic (loss)/earnings per share (HK cents per share)	(1.81)	2.69
<u>Discontinued operations</u>		
Basic loss per share (HK cents per share)	(0.05)	(0.34)

Diluted

No diluted (loss)/earnings per share is presented for the six months ended 30 June 2007 and 2006 as the exercise prices of the outstanding share options granted by the Company were higher than the average market price of the shares of the Company during the respective periods, and the conversion of the convertible bonds would have an anti-dilutive effect during these periods.

11 Trade and other receivables

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
Trade receivables, net of provision	567,480	555,227
Prepayments, deposits and other receivables	489,099	432,906
	<u>1,056,579</u>	<u>988,133</u>

The ageing analysis of the Group's trade receivables is as follows:

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
1-30 days	206,643	204,232
31-60 days	133,916	133,722
61-90 days	86,037	74,707
Over 90 days	220,264	222,204
	<u>646,860</u>	<u>634,865</u>
Less: Provision for impairment	<u>(79,380)</u>	<u>(79,638)</u>
	<u>567,480</u>	<u>555,227</u>

- (a) The carrying values of trade and other receivables approximate their fair values.
- (b) Majority of the Group's turnover is on open account terms and in accordance with terms specified in the contracts governing the relevant transactions.

12 Trade and other payables

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
Trade payables	222,662	271,402
Other payables and accruals	581,321	545,287
	<u>803,983</u>	<u>816,689</u>

The ageing analysis of the Group's trade payables at end of the period is as follows:

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
1-30 days	85,831	123,629
31-60 days	38,042	47,324
61-90 days	20,461	27,737
Over 90 days	78,328	72,712
	<u>222,662</u>	<u>271,402</u>

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

13 Other non-current liabilities

	Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
Non-current portion of long-term bank loans	1,388,310	1,733,436
Convertible bonds	195,522	191,023
Pension obligations	28,635	28,827
	<u>1,612,467</u>	<u>1,953,286</u>

14 Reserves

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Available- for-sale financial assets reserve HK\$'000	Exchange difference HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2006	3,625,981	96,567	776	99,839	(50,195)	4,462	174,327	(1,445,055)	2,506,702
Investment revaluation deficit	-	-	-	-	(16,097)	-	-	-	(16,097)
Exchange difference	-	-	-	182	(16)	42,105	-	-	42,271
Profit for the period	-	-	-	-	-	-	-	91,262	91,262
Employee share option schemes - value of employee services	-	8,972	-	-	-	-	-	-	8,972
At 30 June 2006	<u>3,625,981</u>	<u>105,539</u>	<u>776</u>	<u>100,021</u>	<u>(66,308)</u>	<u>46,567</u>	<u>174,327</u>	<u>(1,353,793)</u>	<u>2,633,110</u>
At 1 January 2007	3,625,981	114,508	776	111,285	(43,823)	84,077	30,879	(1,379,010)	2,544,673
Investment revaluation surplus	-	-	-	-	8,485	-	-	-	8,485
Reserve realised upon disposal	-	-	-	-	(756)	-	-	-	(756)
Exchange difference	-	-	-	(32)	-	62,197	-	-	62,165
Loss for the period	-	-	-	-	-	-	-	(72,346)	(72,346)
Employee share option schemes - value of employee services	-	5,209	-	-	-	-	-	-	5,209
At 30 June 2007	<u>3,625,981</u>	<u>119,717</u>	<u>776</u>	<u>111,253</u>	<u>(36,094)</u>	<u>146,274</u>	<u>30,879</u>	<u>(1,451,356)</u>	<u>2,547,430</u>

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2007.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

GENERAL INFORMATION

The consolidated financial statements of the Group for the six months ended 30 June 2007 have been reviewed by the audit committee of the Company and, 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, by the Company's auditors, PricewaterhouseCoopers. The auditors' review report will be included in the Interim Report to the shareholders of the Company.

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

Executive Directors:

*Ms. Tommei Tong
Ms. Angela Mak*

Independent non-executive Directors:

*Mr. Henry Cheong
Ms. Anna Wu
Mr. James Sha*

Non-executive Directors:

*Mr. Frank Sixt (Chairman)
Ms. Debbie Chang
Mrs. Susan Chow
Mr. Edmond Ip
Mrs. Angelina Lee
Mr. Wang Lei Lei*

**for identification purpose*