TOM Group Limited

TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2383)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

CHAIRMAN'S STATEMENT

Despite difficult economic and market conditions, TOM Group reported stable performance with HK$2,436 million in revenue for the year. Operating profit was HK$25 million as compared to operating loss of HK$1,368 million last year. Loss attributable to shareholders was significantly reduced by 96% to HK$61 million or HK1.55 cents per share.

The Internet Group posted steady performance versus 2008 in spite of the continuing difficult environment for its wireless businesses and reported revenues of HK$1,062 million and segment profit of HK$54 million. During the year, in addition to developing its current cooperation with the NBA, the Group expanded its premium sports portfolio through strategic alliances with various partners including the CBA (Chinese Basketball Association), targeted to become the ultimate basketball destination for online and wireless users. The Group has enhanced its 3G wireless offerings by integrating its online and wireless resources such as NBA mobile services and Huangjianshumeng e-books, to offer seamless on line and mobile experiences to users. The Group's e-commerce business showed continuing improvement during the year with a near 50% reduction in losses.

The Publishing Group has also demonstrated resilience in the face of difficult market conditions and reported revenues of HK$867 million and segment profit of HK$74 million during the year. In response to shifting consumer demand, the Group has accelerated its digital investments with the launch of various services including the online UGC (User Generated Content) publishing platform POPO in Taiwan and Chuanghwa Telecom's mobile e-book offerings.

The repurchase of shares from SPH earlier in the year provided TOM with the opportunity to consolidate its outdoor media business and integrate with the Group's other media resources. Revenues of the Outdoor Media Group ("OMG") were HK$353 million in 2009. Segment loss was reduced by 42% to HK$44 million before the one-off gain of HK$91 million from the share buy-back and provision for impairment of intangible assets of HK$7 million.

The advertising market downturn in the first half of 2009 and coverage issues continued to impede the performance of the Television and Entertainment Group. With a view to better positioning CETV as these impediments are removed the Group took measures to strengthen CETV's programme offerings and to expand and extend the range of interactive services on its digital platform. The Television and Entertainment Group reported improved financial performance with a 13% reduction in segment loss in 2009.

Despite an encouraging start to 2010, the recovery in Greater China and the outlook for a sustainable global recovery remain fragile. As a result, TOM Group will continue to adopt a cautious stance, maintaining a clear focus on financial and operating disciplines and investing selectively in innovative product and technology opportunities.

2009 was a challenging year for the company and our industries. I would like to take the opportunity to thank the management and all the staff of the Group for their concerted efforts and hard work in achieving a stable performance for the year in a volatile environment.

Frank Sixt
Chairman

Hong Kong, 10 March 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2009	2008
	HK$'000	HK$'000
Revenue	2,435,753	2,728,033
Operating profit/(loss)#	24,514	(1,367,755)
Net loss attributable to shareholders	(60,511)	(1,394,429)
Loss per share (HK cents)	(1.55)	(35.82)

including share of results of associated companies and jointly controlled entities

BUSINESS AND OPERATION REVIEW

Notwithstanding the challenging business environment, the Group's continual efforts in making long-term investments in unique and innovative offerings and optimising operational efficiency remain unchanged. During the year, the Group was able to register an operating profit of HK$25 million.

While the global economy is riding out the financial turmoil, the protracted recovery caused concerns over the market. Facing the uncertainties of the existing economic climate and the constraints of telecommunications policies in Mainland China, the Group will maintain its laser focus on unveiling technology-centric and mobile-internet enabled products and applications, providing a seamless user experience online, offline and via mobile.

INTERNET GROUP - integrate online and offline platforms posting HK$54M operating profit

Despite the impact of certain telecommunications and internet regulatory policies in Mainland China, TOM Group has made ongoing efforts in optimising and integrating its wireless and internet businesses to deliver a device and operator agnostic platform, tapping into the 3G and mobile internet opportunities. During the period, the Internet Group posted revenues of HK$1,062 million and operating profit of HK$54 million.

Leveraging its partnerships with premium content and technology providers, TOM's Internet Group continued to offer a wide range of high quality and differentiated content and applications while creating an innovative and targeted platform for its advertisers via online and mobile.

Alliances with the NBA & CBA creating a sports community online
During the year, TOM has entered into partnerships with a number of local and overseas sports giants, creating a sports community over an online and wireless platform.

TOM launched the NBA official websites in Hong Kong (NBA.com/hongkong) and Taiwan (NBA.com/taiwan) over the year following the successful activation of the NBA official website in Mainland China (NBA.com/china) in October 2008. In July 2009, TOM Sharkwave introduced the NBA official online community platform. Sharkwave not only offers sports fans access to the latest news and game statistics, but also allows them to participate in online fantasy games. Sharkwave has been well-received since the introduction of online games. The website has also won support from Hewlett Packard, a multinational advertiser, to sponsor its interactive games. Besides NBA sports, Sharkwave offers diversified content such as WTA tour, highlights on FIFA World Cup Qualification, Premier League and extreme sports to its users.

Combining TOM's cutting-edge wireless and internet technologies with NBA's premium content, the Group not only created a seamless and integrated online/mobile/offline experience for sports fans, but also presented its advertisers with an innovative one-stop solution to reach its target audience. The NBA China has recorded meaningful growth in page views throughout the NBA playoffs and also secured a number of local and overseas advertisers including Adidas, Nike, Peak Sports, ASUSTek Computer and Qiaodan.

To further expand its sports offering, TOM cooperated with the Chinese Basketball Association with the launch of Uhoop (www.uhoop.cn), an interactive platform that promotes e-learning on basketball skills amongst youngsters and allows them to participate in online games and exchanges views with other sports fans. During the year, TOM has formed alliance with NBL and has also launched the official website for Chengdu International Basketball Invitation Competition organised by Olympian Professional Basketball Club offering accurate and timely information on game, statistics and games highlights to fans and, aiming to become the ultimate online basketball destination for users in Mainland China.

Tap 3G mobile internet opportunities to bring diversified content

With the arrival of 3G in the Mainland, the Group strengthened its cooperation with strategic partners, operators and handset manufacturers to develop innovative mobile internet services for users, riding on its competitive advantages in technology and rich content resources.

During the period, TOM's Huanjianshumeng website (hjsm.tom.com) introduced an e-book reader over iPhone to extend its reach to various reader groups. Developed by TOM, the application allows readers to access a large collection of books and bestselling novels from Huanjianshumeng, where it currently has over 35,000 original novels. As these original novels become increasingly popular, the iPhone reader provides an enhanced reading experience for its users.

Going forward, the Group will continue to develop unique applications. The interactive internet platform called Dietmama jointly introduced by TOM and Guangdong General Hospital is an example as such. The platform offers a variety of health information, interactive games and social networking features. A mobile version of the platform will be launched within 2010.

Beta Launch of online shopping platform

Jointly developed by TOM Group and the China Post Group, Ulechina (ulechina.com) is a unique B2C e-commerce platform with over a thousand of well-known local and international merchants such as Shiseido, Beijing Tong Ren Tang, Avon, LG and Samsung since its beta launch in October 2009. More renowned brands of premium and authentic goods are expected to join the Ulechina platform in the coming year.

During the year, TOM has continued to show improvement in its e-commerce business. TOM's share of losses in Eachnet was reduced by nearly 50%, driven by continued improvement in operational efficiency and on-going efforts to introduce differentiated products and service offerings. Eachnet partnered with Taiwan External Trade Development Council to open the "Taiwan Zone". The Zone is the only and first online marketplace in Mainland China for selling imported Taiwan foods. Currently, an array of over 300 kinds of Taiwan food products is available.

PUBLISHING GROUP - report HK$74M segment profit with breakthroughs in traditional publishing

The Publishing Group posted revenues of HK$867 million and segment profit of HK$74 million amidst a tough operating environment in the traditional publishing market. Despite the adverse impact of the financial crisis in the first half, the advertising revenue of *Business Weekly*, the Group's flagship magazine in Taiwan, rebounded by 60% in the second half. During the year, Cité followed stringent selection process and exercised strict quality control on titles. The Publishing Group continued to receive wide acclaims and managed to make breakthroughs by expanding into digital publishing in the Greater China market following the successful introduction of the Cité official site and the online reading club in Taiwan. Meanwhile, Pixnet is the second leading social networking website in Taiwan and is also the No.1 Celebrity Entertainment Blog in the region.

Launch POPO – the first digital publishing platform in Taiwan

In response to the growing consumption of content online, the Publishing Group had stepped up its digital offerings with the launch of Taiwan's first online publishing platform POPO (www.popo.tw) in December 2009. POPO not only allowed original content to be published, distributed and bought on a single online platform, but also marked an important milestone for Cité's development towards multimedia publishing.

POPO provides a digital platform for writers to present their original works and sell their contents directly to readers using a micropayment system. Readers may buy a copy of the whole book or choose to pay just for the chapter of the book they are interested in. POPO also serves as an excellent platform to test readers' interest on published titles. At present, POPO has secured partnerships with over 30 publishers and 50 authors to provide over 800 pieces of licensed titles. The number of titles is expected to exceed 10,000 in 2010 and reach 1 million within five years. The platform will offer a multifaceted reading experience when it expands its viewing formats from text and images to video in near future. Earlier this year, Cité and Shanda Literature jointly created a Taiwan version of Qidian (www.qidian.com.tw).

As part of the digital publishing initiatives, Cité made the debut of a handset reading service – "Cité Lifeel" in the first quarter of 2010 with which users may download Cité's magazines free of charge over iPhone and Android. The contents are categorised into five major areas including design, gardening, watch, travel, home & decoration and presented in the form of video or 3D frame. "Search Home", the website under the magazine *MyHomeLife*, received The Best Value Added Service Award at the 3rd Digital Publishing Golden Tripod Award 2009.

In Mainland China, Cité has launched a children's e-book platform Gurubear (www.gurubear.com.cn). The website is well received by readers with average daily page views and visitors recorded double-digit growth quarter-on-quarter. Cité is going to open 10 Gurubear story houses in Beijing that offer online and offline reading service to about 5,000 families. The Gurubear story houses were so popular that CCTV Children's Channel has also adapted its innovative concept and fascinating content for use.

Going forward, the Publishing Group will continue to introduce innovative products and services which are in-line with its digital strategies, aiming to launch print and digital versions of new titles simultaneously and provide its users with more dynamic reading experience via e-book reader, computer and mobile.

***Twilight* tops Taiwan's sales in 2009**

The novel *Twilight* and its three sequels published by TOM's Sharp Point recorded a total print volume of over 860,000 copies. The novel has been ranked top 10 best sellers among Taiwan's major bookstores and the best seller among online bookstores. The movie based on the novel has also become a blockbuster.

In addition, a number of books published in Taiwan were honored with awards. 《河岸》 (translated title: *Riverside*),*The Heartless Stone* and *Tales From Outer Suburbia* were selected as "Recommended Books" in their respective categories of Chinese original writings, translation works and the best book for youngsters in the Recommended Books 2009 organised by China Times. Moreover, 《拉丁美洲真相之路》(translated title: *The truth about Latin America*) was awarded Yazhou Zhoukan Top Ten Books 2009. For magazine, *Business Weekly* was awarded with "The Best Business Magazine" for magazine category of the 33rd Golden Tripod Awards.

<u>OUTDOOR MEDIA GROUP - optimise asset portfolio to develop interactive new media</u>

To further improve operational efficiency and flexibility of the outdoor business, TOM repurchased the remaining 35% stake in Outdoor Media Group ("OMG") from SPH in May 2009. The share buyback allowed TOM to consolidate its control of OMG and realise synergies between its outdoor business and the Group's other businesses. During the year, OMG has regained growth momentum and reported revenues of HK$353 million with segment loss reduced by 42% to HK$44 million.

Develop technology-driven media assets

In response to market's growing demand for digital outdoor media assets in Mainland China, OMG has been working closely with the local authorities and focused its new developments on high margin interactive outdoor media, leveraging our strengths in wireless and online technological capabilities. The Group believes that these products, with physical appeal and superior functionalities, would be able to tailor targeted solutions for advertisers.

Meanwhile, OMG will continue to provide innovative and integrated advertising solutions to local and multinational advertising clients. During the year, OMG has secured advertising with world renowned brands including Ford, Sharp and Bridgestone. The group is also the appointed agent for Amway in certain South China and North China regions.

<u>TELEVISION AND ENTERTAINMENT GROUP - enhance program offerings and improve ratings; advertising revenue leaps by 60% in 2H</u>

Over the year, CETV has continued to strengthen its program offerings through cooperation with various content partners. By introducing first-run and exclusive premiere of popular drama coupled with effective on-ground marketing programs, CETV was able to boost its ratings and strengthen its relationships and cooperation with clients. With a collection of innovative original productions and popular dramas, CETV is able to provide diverse quality content for TOM's wireless business.

As a result of the continual efforts of the team, CETV is poised for stable and healthy growth with its advertising revenue increased by 60% in the second half compared with the first half.

In the review period, CETV reported revenues of HK$154 million while segment loss reduced by 13% over last year to HK$50 million.

Tailor self-production programs for clients

Launched in August 2009, the self produced talk show *CEO Interview* provided a great opportunity for clients to build their brands and feature their management as industry leaders. In the next season of *CEO Interview*, which will start in May 2010, celebrities and community leaders will be invited to join as hosts for the program, such as Wendy Wang, CEO of Business Weekly Media Group.

During the year, CETV has tailor-made creative and unique entertainment shows for its clients to promote their brands. In addition to popular original programs such as *Beauty First*, *A Beauty's Trick* and *Entertainment Power*, the *Trendy Master* is another popular original program that featured celebrities and artists sharing their views on fashion, cosmetics and fine dining. This kind of premium show not only appealed to audience with strong spending power but also enhanced the image of CETV as a top-notch entertainment channel.

In July 2009, CETV co-organised the *Pepsi Star Concert* together with Pepsi in Guangdong province. Later in November, CETV produced a lifestyle show “Pink Lady” for Watsons, the largest health and beauty retail chain in Asia. With many popular and well-known artists appearing as guests, the show was well received by the audience.

Reach broader audience demographics with new programs on health food

To further expand its audience base, CETV will launch a series of new programs in 2010. One of the major programs will be hosted by celebrities including Angel Tong, chairman of Angel Face Group featuring gourmet and health food.

Top-notch programs recognised by key industry player, Hunan TV

As CETV’s self-production programs increase their popularity in Mainland China, Hunan TV’s Mango TV entered into cooperation with CETV. The cooperation will enable audience to access CETV’s premium content through various media channels, broadening CETV’s revenue streams.

Extend prime time to boost ratings

During the year, CETV has broadcast popular Taiwanese dramas such as *Black and White, To Get Her* as well as Korean dramas including *My Wife is a Superwoman* and *Temptation of Wife*. The dramas shown on CETV were all very well received in Mainland China and have expanded the target group to women. Following the success of the previous series of *One Million Star*, CETV will broadcast another new series of *One Million Star* by China Television Co. As a result, CETV’s prime time ratings in Guangzhou and Shenzhen in December 2009 increased by over 50% compared with the same period last year. To further boost ratings and expand revenue streams, CETV will be extending its prime time from two hours to three hours of popular overseas dramas.

Create mobile entertainment on an integrated media platform
CETV further extended its range of services to the digital platform to increase user loyalty and stickiness. The launch of m.cetv.com allows users to have access of video clips of artists and CETV's program highlights from their mobile, enjoying an all-round viewing experience via online, offline and mobile.

More multinationals entrust YC with marketing campaigns
As the preferred marketing company of multinational brands, Yang Cheng (YC) had tailor-made innovative marketing solutions for various well-known brands such as Nokia, Vinda, Mentholatum, Nike, adidas and SASA. YC has been the preferred agency for Nokia for consecutive years responsible for organising the innovative and first-of-its-kind "Nokia Experience Van" and "Nokia Music Van Tour" projects that reached over thousands of cities nationwide. Other marketing campaigns during the year include the "2009 NIKE IGNITE YOUR GAME" for NIKE in April 2009 and the fun fair for POTENZA, Bridgestone in June 2009.

FINANCIAL REVIEW

The TOM Group reports its results in four business segments namely Internet Group, Publishing Group, Outdoor Media Group as well as Television & Entertainment Group.

Revenue

The Group's revenue for the year ended 31 December 2009 amounted to HK$2,436 million, a decrease of 10.7% compared with the previous of HK$2,728 million.

Segmental Results

The Internet Group reported gross revenues of HK$1,062 million compared to last year's HK$1,067 million. Segment profit was HK$54 million versus last year's HK$63 million.

Gross revenues of the Publishing Group decreased by 14.3% to HK$867 million compared with last year's HK$1,012 million. Segment profit decreased by 22.5% to HK$74 million versus HK$96 million in 2008.

The Outdoor Media Group reported gross revenues of HK$353 million, a decrease of 23.9% compared to last year's HK$465 million. Segment loss was HK$44 million versus last year's loss of HK$75 million.

Gross revenues of the Television & Entertainment Group was HK$154 million, versus last year's HK$187 million. Segment loss was HK$50 million compared with last year's HK$58 million.

Operating Expenses

The operating expenses of the Group during the year under review decreased by 19.8% to HK$708 million as compared to HK$883 million in year 2008, as a result of the Group's ongoing cost control measures.

Operating Profit

The Group's operating profit for the year amounted to HK$25 million which includes the excess of net assets value over cost of acquisition of additional interests in a subsidiary of HK$91 million and a provision for impairment of goodwill and other assets of HK$7 million, compared with last year's operating loss of HK$1,368 million which includes a provision for impairment of goodwill and other assets of HK$1,250 million.

Loss Attributable to Shareholders

The Group's loss attributable to shareholders was HK$61 million, compared to HK$1,394 million in year 2008.

Liquidity and Financial Resources

As at 31 December 2009, TOM Group had bank and cash balances, including pledged deposits, of approximately HK$1,231 million. A total of HK$2,608 million financing facilities were available, of which HK$2,004 million had been utilised as at 31 December 2009, to finance the Group's acquisitions, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$1,961 million as at 31 December 2009. This included long-term bank loans of approximately HK$1,841 million and short-term bank and other loans of approximately HK$120 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 49% as at 31 December 2009, as compared to 51% as at 31 December 2008.

As at 31 December 2009, the Group had net current assets of approximately HK$737 million, as compared to a net current liabilities of approximately HK$436 million as at 31 December 2008. During the year, the Group had entered into agreements with several banks and secured new banking facilities of totalling HK$1,900 million for a period of three years.

As at 31 December 2009, the current ratio of TOM Group was 1.51 compared to 0.86 at 31 December 2008.

In year 2009, the Group generated net cash of HK$142 million from its operating activities, as compared to HK$115 million in the year 2008. Net cash from investing activities was HK$223 million, which mainly included the proceed of HK$394 million from the sales/maturity of available-for-sale financial assets and dividend income of HK$18 million, partly offset by the capital expenditures of HK$142 million and acquisition of additional interest in a subsidiary of HK$60 million. During the year, the net cash outflow from financing activities amounted to HK$518 million, included in which was mainly the repayment of bank loans, net of new drawn downs, of HK$402 million, payment of loan arrangement fee of HK$27 million and dividends paid to minority shareholders of HK$46 million.

Charges on Group Assets

As at 31 December 2009, the Group had restricted cash amounting to HK$45 million, mainly bank deposits pledged to banks for securing banking facilities granted to certain subsidiaries 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 minimise currency risk.

Contingent Liabilities

(a) In September 2008 and August 2009, a subsidiary of the Group in Taiwan received a revised income tax assessment for the year ended 31 December 2004 and 2005, respectively, from the local tax authority. In these revised tax assessments, the tax authority claimed that an amortisation of intangible assets amounting to approximately NT$44 million (approximately HK$10 million) and NT$146 million (approximately HK$35 million) was not deductible from the assessable profits of the subsidiary in 2004 and 2005 respectively. This gave rise to a potential additional income tax liability to the Group of approximately NT$48 million (approximately HK$11 million).

The subsidiary has engaged and consulted with an external tax representative on this matter. Based on the consultation, management considers that the amortisation of intangible assets should be tax deductible under the tax rules in Taiwan. Accordingly, the subsidiary has filed appeals to the tax authority and requested for a re-examination of the deductibility of the amortisation charge from the assessable profit of the subsidiary in 2004 and 2005. Up to the date of these financial statements, the appeals are still outstanding and no results have been finalised.

Should the tax appeal by the subsidiary be turned down finally, the subsidiary's income tax assessments for each of the years from 2006 to 2009 would also be revised on a similar basis as that of years 2004 and 2005. The total incremental tax liability to the Group thereon is approximately NT$205 million (approximately HK$49 million) (2008: NT$155 million, approximately HK$37 million). Nevertheless, based on the consultation with the tax representative, management considers that the amortisation charge should be tax deductible under the tax rules in Taiwan and so no provision for such potential tax liability has been made in the Group's consolidated financial statements for the year ended 31 December 2009.

(b) In April 2004, a subsidiary of the Group (the "Subsidiary") entered into a lease agreement ("Lease Agreement") with two business partners (the "JV Partners") for leasing of certain media assets from them. Later in October 2005, the Subsidiary also entered into a Cooperative Framework Agreement ("Cooperative Agreement") with the JV Partners to set up a joint venture together for operating the media assets under the Lease Agreement. The joint venture was then established in August 2006.

In August 2008, the JV Partners filed a claim against the Subsidiary before Pudong New Area People's Court of Shanghai Municipality for certain rental charges and related penalty under the Lease Agreement (the "Litigation Case"). At the same time, the Subsidiary also filed an arbitration case before China International Economic and Trade Arbitration Commission, Shanghai Commission (the "Arbitration Commission"), claiming that the JV Partners had violated certain clauses in the Cooperative Agreement, and demand the JV Partners to act in accordance with the Cooperative Agreement (the "Arbitration Case").

In November 2009, a judgment of the Litigation Case was issued in favor of the JV Partners and under which the Subsidiary was liable for a rental payment of RMB17 million (approximately HK$19 million) and a penalty interest of RMB11 million (approximately HK$13 million). Nevertheless, in January 2010, the Arbitration Commission issued a judgment on the Arbitration Case. In this judgment, the Arbitration Commission agreed that the JV Partners had violated certain clauses of the Framework Agreement. However, due to certain external factors, it is not possible to demand the JV partners to act according to the Cooperative Agreement now. Instead, the Arbitration Commission suggested that the Subsidiary should file another case to claim for damages from the JV Partners due to their violation of the Cooperative Agreement.

Basing on the judgment of the Arbitration Case and corresponding legal advices, the Subsidiary is in the process of preparing appeals against the Litigation Case and the Arbitration Case. Any liabilities of the Subsidiary under the Litigation Case will also be included as a claim from the JV Partners by the Subsidiary under the Arbitration Case.

Employee Information

As at 31 December 2009, TOM Group had 3,261 full-time employees. Employee costs and stock option costs, excluding Directors' emoluments, totalled HK$528 million for the year (2008: HK$570 million). 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 the 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 the TOM Group. Social, sporting and recreational activities were arranged during the year for the employees on a Group-wide basis.

The Group also adopted a share option scheme under which, inter alia, the employees of the Group may be granted share options to subscribe for shares in the Company for the purposes of recognising the contributions made by the employees of the Group and retaining the services of the employees who will continue to make valuable contributions to the Group.

Disclaimer:
Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as operating profit/(loss) including share of results of associated companies and jointly controlled entities and segment profit/(loss) excluding provision for impairment charges and one-off gain that represents the excess of net assets value over cost of acquisition of additional interests in a subsidiary, 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 because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in our financial reporting.

AUDITED CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 HK$'000	2008 HK$'000
Turnover	2	2,435,753	2,728,033
Cost of sales		(1,756,267)	(1,900,208)
Selling and marketing expenses	5	(242,166)	(291,056)
Administrative expenses	5	(164,489)	(200,550)
Other operating expenses	5	(296,458)	(346,723)
Other losses	5	(4,679)	(44,243)
Excess of net assets value over cost of acquisition of additional interests in a subsidiary	3	90,879	-
Provision for impairment of goodwill and other assets	4	(6,700)	(1,249,572)
Share of losses of jointly controlled entities		(39,545)	(76,683)
Share of profits less losses of associated companies		8,186	13,247
		24,514	(1,367,755)
Finance income	6	22,005	57,379
Finance costs	6	(59,549)	(126,800)
Finance costs, net	6	(37,544)	(69,421)
Loss before taxation		(13,030)	(1,437,176)
Taxation	7	(46,177)	(37,625)
Loss for the year		(59,207)	(1,474,801)
Attributable to:			
Minority interests		1,304	(80,372)
Equity holders of the Company		(60,511)	(1,394,429)
Loss per share for loss attributable to the equity holders of the Company during the year			
Basic and diluted	9	HK(1.55) cents	HK(35.82) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 HK$'000	2009 HK$'000	2008 HK$'000	2008 HK$'000
Loss for the year		(59,207)		(1,474,801)
Other comprehensive income				
Exchange translation differences		23,482		293,244
Net actuarial gain/(loss) on defined benefit plans		5,830		(280)
Available-for-sale financial assets:				
Revaluation surplus during the year, net of tax	780		6,166	
Add: Reclassification adjustment for impairment included in profit or loss	-		10,843	
		780		17,009
Other comprehensive income for the year, net of tax		30,092		309,973
Total comprehensive expense for the year		(29,115)		(1,164,828)
Total comprehensive income/(expense) attributable to:				
- Minority interests		5,126		(46,533)
- Equity holders of the Company		(34,241)		(1,118,295)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		152,961	202,152
Goodwill		2,643,106	2,634,940
Other intangible assets		82,368	66,897
Interests in jointly controlled entities		(139,751)	(87,904)
Interests in associated companies		222,432	231,388
Available-for-sale financial assets		27,682	30,147
Advance to an investee company		2,169	2,165
Deferred tax assets		39,011	51,843
Other non-current assets		31,473	6,360
		3,061,451	3,137,988
Current assets			
Available-for-sale financial assets		-	392,916
Inventories		106,252	118,399
Trade and other receivables	10	842,316	898,428
Restricted cash		45,187	2,171
Cash and cash equivalents		1,186,178	1,328,813
		2,179,933	2,740,727
Current liabilities			
Trade and other payables	11	1,167,806	1,180,610
Taxation payable		35,925	36,840
Long-term bank loans - current portion		119,680	449,533
Short-term bank and other loans		119,800	1,509,381
		1,443,211	3,176,364
Net current assets/(liabilities)		736,722	(435,637)
Total assets less current liabilities		3,798,173	2,702,351
Non-current liabilities			
Deferred tax liabilities		14,739	14,919
Non-current portion of long-term bank loans		1,721,410	395,474
Pension obligations		26,148	29,644
		1,762,297	440,037
Net assets		2,035,876	2,262,314
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		389,328	389,328
Reserves		1,275,069	1,309,310
Own shares held		(6,244)	(6,244)
Shareholders' funds		1,658,153	1,692,394
Minority interests		377,723	569,920
Total equity		2,035,876	2,262,314

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Group												
	Attributable to the 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	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2008	389,328	(6,244)	3,625,981	38,354	776	123,455	(15,137)	289,267	30,879	(1,666,053)	2,810,606	687,780	3,498,386
Loss for the year	-	-	-	-	-	-	-	-	-	(1,394,429)	(1,394,429)	(80,372)	(1,474,801)
Other comprehensive income:													
Revaluation surplus on available-for-sale financial assets, net of tax	-	-	-	-	-	-	5,452	-	-	-	5,452	714	6,166
Net actuarial (loss)/gain on defined benefit plan	-	-	-	-	-	-	-	-	-	(904)	(904)	624	(280)
Exchange translation differences	-	-	-	-	-	-	-	260,743	-	-	260,743	32,501	293,244
Transfer to profit and loss	-	-	-	-	-	-	10,843	-	-	-	10,843	-	10,843
Total comprehensive income for the year ended 31 December 2008	-	-	-	-	-	-	16,295	260,743	-	(1,395,333)	(1,118,295)	(46,533)	(1,164,828)
Employee share option schemes - value of employee services	-	-	-	83	-	-	-	-	-	-	83	-	83
Maturity of convertible bonds	-	-	-	-	-	-	-	-	(30,879)	30,879	-	-	-
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(72,373)	(72,373)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(2,775)	(2,775)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(265)	(265)
Contribution from minority interests	-	-	-	-	-	-	-	-	-	-	-	4,263	4,263
Other reserves shared by minority interests	-	-	-	-	-	-	-	-	-	-	-	(177)	(177)
Transfer to general reserve	-	-	-	-	-	5,793	-	-	-	(5,793)	-	-	-
Balance at 31 December 2008	389,328	(6,244)	3,625,981	38,437	776	129,248	1,158	550,010	-	(3,036,300)	1,692,394	569,920	2,262,314

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Group											
	Attributable to the 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	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 January 2009	389,328	(6,244)	3,625,981	38,437	776	129,248	1,158	550,010	(3,036,300)	1,692,394	569,920	2,262,314
Loss for the year	-	-	-	-	-	-	-	-	(60,511)	(60,511)	1,304	(59,207)
Other comprehensive income:												
Revaluation surplus/(deficit) on available-for-sale financial assets, net of tax	-	-	-	-	-	-	1,174	-	-	1,174	(394)	780
Net actuarial gain on defined benefit plan	-	-	-	-	-	-	-	-	5,377	5,377	453	5,830
Exchange translation differences	-	-	-	-	-	-	-	19,719	-	19,719	3,763	23,482
Total comprehensive income for the year ended 31 December 2009	-	-	-	-	-	-	1,174	19,719	(55,134)	(34,241)	5,126	(29,115)
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	-	(45,524)	(45,524)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	(151,188)	(151,188)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,508)	(2,508)
Contribution from minority interests	-	-	-	-	-	-	-	-	-	-	1,897	1,897
Transfer to general reserve	-	-	-	-	-	4,512	-	-	(4,512)	-	-	-
Balance at 31 December 2009	389,328	(6,244)	3,625,981	38,437	776	133,760	2,332	569,729	(3,095,946)	1,658,153	377,723	2,035,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with 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 available-for-sale financial assets are stated at fair value, unless fair value cannot be reliably measured.

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

2 Turnover, revenue and segment information

The Group has four reportable segments:

- 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 in relation to satellite television channel operations, provision of broadcasting post production and 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 2009 are as follows:

	Year ended 31 December 2009				
	Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Total gross segment revenue	1,062,449	867,315	353,447	153,998	2,437,209
Inter-segment revenue	-	-	-	(1,456)	(1,456)
Net revenue from external customers	1,062,449	867,315	353,447	152,542	2,435,753
Segment profit/(loss) before amortisation and depreciation	84,952	143,357	(4,868)	(28,670)	194,771
Amortisation and depreciation	(30,492)	(69,002)	(39,148)	(21,521)	(160,163)
Segment profit/(loss)	54,460	74,355	(44,016)	(50,191)	34,608
Other material non-cash items:					
Excess of net assets value over cost of acquisition of additional interests in a subsidiary	-	-	90,879	-	90,879
Provision for impairment of goodwill and other intangible assets	-	-	(6,700)	-	(6,700)
Share of losses of jointly controlled entities	(39,545)	-	-	-	(39,545)
Share of profits less losses of associated companies	111	8,075	-	-	8,186
	(39,434)	8,075	84,179	-	52,820
Finance costs:					
Finance income	18,638	24,411	3,992	117	47,158
Finance expenses	(2,002)	(20,002)	(959)	(17,268)	(40,231)
	16,636	4,409	3,033	(17,151)	6,927
Segment profit/(loss) before taxation	31,662	86,839	43,196	(67,342)	94,355
Unallocated corporate expenses					(107,385)
Loss before taxation					(13,030)
Expenditure for operating segment non-current assets	11,418	71,334	35,183	23,326	141,261
Unallocated expenditure for non-current assets					337
Total expenditure for non-current assets					141,598

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2009 are as follows:

	As at 31 December 2009				
	Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	2,866,331	1,149,257	856,106	159,181	5,030,875
Interests in jointly controlled entities	(139,751)	-	-	-	(139,751)
Interests in associated companies	2,727	219,705	-	-	222,432
Unallocated assets					127,828
Total assets					5,241,384
Segment liabilities	503,845	342,954	195,252	49,757	1,091,808
Unallocated liabilities:					
Corporate liabilities					102,146
Deferred taxation					14,739
Current taxation					35,925
Borrowings					1,960,890
Total liabilities					3,205,508

2 Turnover, revenue and segment information (Continued)

The segment results for the year ended 31 December 2008 are as follows:

	Year ended 31 December 2008				
	Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Total gross segment revenue	1,066,690	1,011,734	464,722	186,609	2,729,755
Inter-segment revenue	-	-	-	(1,722)	(1,722)
Net revenue from external customers	1,066,690	1,011,734	464,722	184,887	2,728,033
Segment profit/(loss) before amortisation and depreciation	121,505	171,347	(23,874)	(35,328)	233,650
Amortisation and depreciation	(58,268)	(75,420)	(51,495)	(22,403)	(207,586)
Segment profit/(loss)	63,237	95,927	(75,369)	(57,731)	26,064
Other material non-cash items:					
Provision for impairment of goodwill and other assets	(1,198,177)	-	(37,164)	(14,231)	(1,249,572)
Share of losses of jointly controlled entities	(76,683)	-	-	-	(76,683)
Share of profits less losses of associated companies	595	12,652	-	-	13,247
	(1,274,265)	12,652	(37,164)	(14,231)	(1,313,008)
Finance costs:					
Finance income	39,298	39,425	6,301	198	85,222
Finance expenses	(20,900)	(34,182)	(1,112)	(15,504)	(71,698)
	18,398	5,243	5,189	(15,306)	13,524
Segment profit/(loss) before taxation	(1,192,630)	113,822	(107,344)	(87,268)	(1,273,420)
Unallocated corporate expenses					(163,756)
Loss before taxation					(1,437,176)
Expenditure for operating segment non-current assets	15,878	66,730	37,639	12,557	132,804
Unallocated expenditure for non-current assets					3,715
Total expenditure for non-current assets					136,519

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2008 are as follows:

	As at 31 December 2008				
	Internet Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	3,386,401	1,162,201	969,931	164,301	5,682,834
Interests in jointly controlled entities	(87,904)	-	-	-	(87,904)
Interests in associated companies	3,148	228,240	-	-	231,388
Unallocated assets					52,397
Total assets					5,878,715
Segment liabilities	485,517	364,067	197,274	45,850	1,092,708
Unallocated liabilities:					
Corporate liabilities					117,546
Deferred taxation					14,919
Current taxation					36,840
Borrowings					2,354,388
Total liabilities					3,616,401

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.

The Group's business are operated in three main geographical areas:

Hong Kong - Internet Group, Publishing Group and Television and Entertainment Group

Mainland China - Internet Group, Publishing Group, Outdoor Media Group and Television and Entertainment Group

Taiwan and other Asian countries – Internet Group, Publishing Group

There are no significant sales between the geographical segments.

	Turnover		Non-current assets other than deferred tax assets	
	Year ended 31 December 2009 Consolidated Total HK$'000	Year ended 31 December 2008 Consolidated Total HK$'000	Year ended 31 December 2009 Consolidated Total HK$'000	Year ended 31 December 2008 Consolidated Total HK$'000
Hong Kong	15,110	17,348	14,695	5,017
Mainland China	1,576,502	1,723,081	2,428,626	2,496,290
Taiwan and other Asian countries	844,141	987,604	579,119	584,838
	2,435,753	2,728,033	3,022,440	3,086,145

Revenue is allocated based on the country in which the business is operated and non-current assets other than deferred tax assets are allocated based on the location of the assets.

3 Excess of net assets value over cost of acquisition of additional interests in a subsidiary

On 27 May 2009, the Group, through a wholly owned subsidiary, TOM Outdoor Media Holdings Limited, acquired an additional 35% equity interests in TOM Outdoor Media Group Limited ("TOM OMG") for a consideration of HK$60,000,000 from the minority shareholder. The acquisition from the minority shareholder could enable the Group to have full control over the outdoor business and facilitate the synergy of OMG with TOM's other businesses. As a result of the acquisition, the Group's interests in TOM OMG increased from 65% to 100%. The excess of net assets value acquired over consideration paid amounting to HK$90,879,000 was recognised in the consolidated income statement.

4 Provision for impairment of goodwill and other assets

The amount in the current year represented a provision for impairment of goodwill for the Outdoor Media Group of HK$6,700,000 (2008: the Internet Group of HK$1,190,627,000, the Outdoor Media Group of HK$37,164,000 and the Television and Entertainment Group of HK$3,388,000). This provision was made with reference to the reduced estimated values of the respective businesses, mainly due to the significant deterioration of the economy, as well as the tightening of certain regulations and policies in the respective industries in Mainland China. The amount in the prior year also included the provision for impairment of other intangible assets of HK$7,550,000 and available-for-sale financial assets of HK$10,843,000 and no such provision was charged in the current year.

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging/crediting the following:

	2009 HK$'000	2008 HK$'000
<u>Charging:</u>		
Depreciation	72,750	102,830
Amortisation of other intangible assets	88,643	106,363
Amortisation of other intangible assets included in interests in associated companies	3,986	4,896
Cost of inventories sold	464,299	542,298
Loss on disposal of fixed assets	7,037	6,806
Loss on disposal of subsidiaries	3,215	-
Loss on disposal of other intangible assets	484	13,548
Exchange loss, net	-	25,616
<u>Crediting:</u>		
Dividend income from available-for-sale financial assets	370	1,727
Exchange gain, net	5,687	-

6 Finance costs, net

All finance costs, net were incurred for operations and are analysed as follows:

	2009 HK$'000	2008 HK$'000
Interest and borrowing costs on bank loans	57,578	115,227
Interest and borrowing costs on convertible bonds	-	9,621
Interest on other loans, wholly repayable within five years	1,971	1,952
	59,549	126,800
Less: Interest income		
- available-for-sale financial assets	(4,802)	(31,920)
- bank and others	(17,203)	(25,459)
	(22,005)	(57,379)
	37,544	69,421

7 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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:

	2009 HK$'000	2008 HK$'000
Overseas taxation	32,078	32,473
Under-provision in prior years	613	3,824
Deferred taxation	13,486	1,328
Taxation charges	46,177	37,625

No taxation is charged or credited to share of profits less losses of associated companies for the year ended 31 December 2009 (2008: HK$Nil).

8 Dividends

No dividends had been paid or declared by the Company during the year (2008: HK$Nil).

9 Loss per share

(a) Basic

The calculation of the basic loss per share is based on consolidated loss attributable to equity holders of the Company of HK$60,511,000 (2008: HK$1,394,429,000) and the weighted average of 3,893,270,558 (2008: 3,893,270,558) ordinary shares in issue during the year.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the year ended 31 December 2009 and 2008 as the exercise price of the outstanding share options granted by the Company were higher than the average market price of the share of the Company.

10 Trade and other receivables

	Group	
	2009 HK$'000	2008 HK$'000
Trade receivables	553,456	578,457
Prepayments, deposits and other receivables	288,860	319,971
	842,316	898,428

(a) 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 90 days. 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.

As at 31 December 2009 and 2008, the ageing analyses of the Group's trade receivables were as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Current	133,825	142,391
31-60 days	140,616	173,404
61-90 days	102,220	104,554
Over 90 days	280,745	249,799
	657,406	670,148
Less: Provision for impairment	(103,950)	(91,691)
	553,456	578,457

11 Trade and other payables

	Group	
	2009	2008
	HK$'000	HK$'000
Trade payables	339,858	311,492
Other payables and accruals	827,948	869,118
	1,167,806	1,180,610

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

(b) As at 31 December 2009 and 2008, the ageing analyses of the Group's trade payables were as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current	84,235	86,357
31-60 days	53,733	55,425
61-90 days	26,829	45,253
Over 90 days	175,061	124,457
	339,858	311,492

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2009. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Group's auditor, PwC Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC Hong Kong 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 PwC Hong Kong on the preliminary announcement.

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 throughout the year ended 31 December 2009.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

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

Executive Directors:	*Non-executive Directors:*	*Independent non-executive Directors:*
Mr. Yeung Kwok Mung	*Mr. Frank Sixt (Chairman)*	*Mr. Henry Cheong*
Ms. Angela Mak	*Ms. Debbie Chang*	*Ms. Anna Wu*
	Mrs. Susan Chow	*Mr. James Sha*
	Mr. Edmond Ip	
	Mrs. Angelina Lee	*Alternate Director:*
		Mr. Francis Meehan (Alternate to each of Mr. Frank Sixt, Ms. Debbie Chang, Mrs. Susan Chow and Mr. Edmond Ip)

* *for identification purpose*