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 2010

CHAIRMAN'S STATEMENT

While economic conditions in the Greater China region improved measurably in 2010, tightened regulatory policies in the Mainland continued to present challenges for our businesses there. Against this backdrop, TOM Group continued to invest in internet technology and convergence of our new and traditional media businesses. The Group reported a sustainable performance, with HK$2,464 million in revenue for the year. Earnings before interest, tax, depreciation and amortization improved 16% to HK$122 million. Loss attributable to shareholders was HK$168 million or HK4.31 cents per share.

The Internet Group reported revenues of HK$1,032 million and segment profit of HK$18 million in a difficult operating environment due to continuing regulatory restrictions. The division continued to build user-centric and operator-agnostic open platforms to replace its established 2.5G wireless value added services, including handset-embedded applications in the areas of unified messaging, music social networking services and games platforms. At the same time, TOM Portal continued to enrich its premium content on sports and entertainment, tuning into users' preference for borderless and interactive experience. In addition to forming strategic alliance with partners such as English Premier League (EPL) and China Basketball Association (CBA), the division also deepened its publishing and TV content collaboration with other TOM business units to provide and distribute their contents over online and mobile channels.

To mitigate adverse regulatory measures which continued to limit the financial progress of the Television and Entertainment Group, CETV strengthened its self-production programme offerings and enhanced interactive services for distribution over online and mobile platforms, achieving an increase in revenues during the period.

E-commerce is a young but fast-developing business initiative for TOM Group. During the year, TOM Group entered into a joint-venture with China Post to set up a unique B2C platform – Ule (www.ule.com.cn), which features group-purchase services, offline and online shopping. Customer purchases are delivered via the strong and deep China Post EMS logistic services utilising both virtual distribution center (VDC) systems, and physical warehousing capabilities, and payment is handled via prepaid coupons purchased from China Post. Since its official launch in the fourth quarter of 2010, Ule has continued to improve its customer service quality and increase its product range, and is showing encouraging early results.

The Publishing Group maintained its strong growth momentum and attained first-mover advantage in digital publishing by timely roll-out of numerous e-publishing initiatives, including UGC websites, e-books and e-reading applications. Segment revenues and profit increased to HK$947 million and HK$101 million respectively. Alongside its leading position in traditional publishing, the division expects to accelerate its digital investments through strategic alliances with industry partners to further expand its footprint in Greater China.

The Outdoor Media Group (“OMG”) continued to consolidate its outdoor media assets, including disposals of non-performing business units. Coupled with enhanced operational efficiency, OMG reported improved performance with segment loss reduced considerably by 50%, while revenues amounted to HK$275 million despite the adverse impact of local authorities’ city planning exercises on several of its operations.

Going forward, TOM Group will maintain clear focus on financial and operating disciplines, and continued product and service innovation. Barring market instability and regulatory changes, we remain optimistic for the business outlook in 2011.

I would like to take the opportunity to thank the management and all the staff of TOM Group for their concerted efforts, professionalism and hard work over the year.

Frank Sixt
Chairman

Hong Kong, 24 March 2011

MANAGEMENT’S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2010	2009
	HK$’000	HK$’000
Revenues	2,464,227	2,435,753
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	122,248	105,714
Operating loss# before one-off items*	(81,487)	(59,665)
Loss attributable to equity holders of the Company before one-off items*	(156,438)	(144,690)
Loss attributable to equity holders of the Company	(167,952)	(60,511)
Loss per share (HK cents)	(4.31)	(1.55)

* Before gain on acquisition of additional interests in a subsidiary (2010: Nil; 2009: HK$90,879,000), and provision for impairment of goodwill and other assets (2010: HK$11,514,000; 2009: HK$6,700,000)

\# Including share of results of associated companies and jointly controlled entities

BUSINESS AND OPERATION REVIEW

Eyeing long-term sustainability of business growth, TOM Group remained committed to innovation and technology, and over the past two years invested in the development of a cloud-based cross-device open platform to serve its users. The Group not only continues its efforts to consolidate its businesses and maintain financial performance, it also makes investments in the areas of e-commerce, e-publishing, TV programmes and mobile internet. During the year, the Group launched an array of diversified products and services including online shopping, e-reading, mobile infotainment and mobile internet content and applications etc. In the review period, the Group maintained stable revenues with a slight increase of 1% as compared to the previous year. EBITDA was up by 16% to HK$122 million.

<u>INTERNET – Investment seeds technological and content innovation</u>

As the Group maintained its leadership position in the wireless value added services (WVAS) market, it engaged in the development of cross-device applications and strived to converge its online resources and strengths in the wireless business to launch innovative cross-device mobile internet and SNS services in the areas of communications, music, games, sports, entertainment and reading over multi-platforms through cooperation with local and international handset manufacturers and telecommunication operators. During the year, the Internet Group posted revenues of HK$1,032 million and segment profit of HK$18 million.

Communications, music and games on mobile internet applications

TOM developed a unified messaging service, which bundles voice mail, video mail, e-mail and instant messaging for a local handset brand in China. Such service will be extended to cover more handset users in the near future.

On the music and game front, TOM is the designated partner of digital music provider Top 100 to launch device-based streaming SNS of copyrighted music. In addition, the Group, in conjunction with mobile game provider Glu, will launch a series of unique and innovative device-based game SNS services leveraging on the strengths and resources from both sides in 2011. The services will be embedded in premium handset brands across China. It is the Group's target to see over 50% of new handsets in China embedded with these unique services by 2011.

Develop cross-device applications on health & lifestyle infotainment
The Group engaged in the development of cross-device applications. Interactive health product "Dietmama" (www.dietmama.com) features diversified health information, interactive consultation and social networking capabilities. The average monthly growth of registered users was 20%. iPhone applications launched in the year received overwhelming responses. The calorie counter application recorded thousands of downloads within the first month upon launch. Another database application featuring comprehensive calorie information of Chinese cuisine was subsequently launched in the 4th quarter. Dietmama continuingly remained one of the top 10 free applications under the "Health & Fitness" category on Apple iTunes Apps Store since launch, and has from time to time featured in the "What's Hot" section. Going forward, TOM will roll out more cross-device social networking applications including recipes, advanced diet planner, utility and group buying etc. It is expected that these applications will increase user stickiness.

Exclusive and premium sports content
Leveraging on its experience and understanding of user preference in content and growing interest in social networking services, TOM has during the year brought to users their preferred local and international sports events and entertainment premium content. Building on the previous collaboration with NBA, the Group deepened its understanding of audience's preferences. During the year, TOM entered into strategic partnership with 2010/2011 English Premier League (EPL) for exclusive content for distribution over various online and mobile channels. By leveraging on its cloud computing technology, TOM delivered multi-media EPL content including webcasts, video clips, latest news of EPL and online community etc. to users. In addition, its EPL iPhone application ranked among the top on Apple iTunes App Store. TOM users were able to participate in online interactive games and peripheral events.

Basketball continues to be a core component of TOM's sports platform. TOM in conjunction with the Chinese Basketball Association (CBA), launched an interactive basketball platform, "Uhoop" (www.uhoop.cn), to provide online offerings for young fans all over the world. Riding on not only being a leading online community, but also as an educational and informative platform for basketball fans, the Group remained a strategic partner of CBA and Beijing Municipal Bureau of Sport, bringing its users exciting content of CBA, WCBA and NBL. TOM also strengthened its interaction with target audience by organizing auditions and fans events etc.

E-reading services distributed over multi channels
E-reading platform Huanjianshumeng (hjsm.tom.com) features more than 100,000 original fictions. During the year, it partnered with Cité under TOM Group, Chinese Writers Association and numerous Mainland publishers to strengthen its collection and distribute content over mobile offerings of the top three operators and handset brands in the Mainland.

Enrich entertainment and video content
During the year, TOM extended its content offerings to cover general entertainment, personal health and lifestyle. Leveraging on TOM Group's TV content, TOM portal offers its users with online entertainment news from CETV.

Going forward, TOM portal will strengthen its collaboration with other businesses of TOM Group in the Greater China region and will increasingly offer more diversified entertainment content and novelty experience to its users.

E-COMMERCE – Ule combines the strength of China Post resources and TOM technology to deliver enduring value

Targeting to create a sustainable e-commerce business model that delivers authentic value, TOM Group invested in the development of e-commerce technology and building of platform. TOM formed a joint venture with China Post to launch a localized e-commerce platform "Ule" (www.ule.com.cn). Featuring nationwide coverage, Ule not only aims at servicing online shoppers in Mainland but also targets at the population who do not shop online. The combination of China Post's nationwide EMS logistics and warehousing capabilities and sales network, sales team of 50,000 and 46,000 post office locations, with TOM Group's technological support and expertise in cloud computing, enables Ule to offer unique sales, logistics and warehousing services online and offline. Ule is well-positioned to become a scalable and trustworthy 360-degree shopping platform and address the developing offline infrastructure of e-commerce.

Logistics and warehousing capabilities facilitate merchants online

China Post's extensive delivery infrastructure is complemented with the virtual distribution center (VDC) system, an innovative one-stop logistics and warehousing system that connects directly with China Post's logistics system. VDC is tailored to enhance merchants' offline cooperation with distributors and efficiency in logistics and warehousing. The system not only can provide integration points with merchants' own logistics and warehousing systems and complement their existing offline distribution channels, it also provides support to those merchants without such capabilities. As a result, Ule is able to offer merchants who do not yet have an e-commerce capability an affordable entrance to establish their e-commerce channels in China.

Since its beta launch in August 2010, Ule has attracted nearly 1,000 well-known local and international brands including L'Oreal, Procter & Gamble, Ajisen, Goodbaby, Pampers and Philips etc. Furthermore, several brands including Giordano and Bossini rolled out limited edition products on Ule.

User response and Ule card sales crystallize growth potentials

With the backing of China Post, users in China are able to access a trustworthy e-commerce platform with comprehensive range of online and offline shopping channels, wide selection of authentic goods and quality services. Since its launch, average daily page-view surged, whilst loyal customers saw continuous growth. Ule prepaid card, a unique settlement tool issued and sold nationwide via the Ule online platform as well as post office locations and corporate client sales team of China Post, received positive response since its launch in January 2011. Sales in its first month approximated RMB100 million. To date, over 90% of transactions on Ule are settled by Ule prepaid card, which facilitates offline shoppers and those without online banking accounts to enjoy e-commerce services. The growth prospect of Ule remains promising.

Offline over-the-counter sales services extending nationwide

With the unique combination of online and offline retail, strong back-end capabilities and extensive corporate client sales network, Ule is poised to push forward growth across cities and remote provinces. Following the successful pilot-launch of over-the-counter sales services in Henan Province, the services will be extended to nationwide in 2011. Looking forward, the group purchase service will be strengthened to drive sales of Ule cards and transactions. The Ule merchant portfolio will also be enriched to cover more quality brands. Ule is well-positioned to render secured, reliable and trustworthy services.

TELEVISION AND ENTERTAINMENT – Strengthened self-production and interactive services offered via multiple channels

CETV, under the TV & Entertainment segment, had strived to become a premium entertainment brand. With various self productions, popular dramas and interactive services, CETV continued to offer diversified entertainment to audience as well as interactive marketing opportunities for advertising clients. CETV also materialized collaboration with its internet and publishing peers under TOM Group by provisioning its wealth of quality content.

By sharing content resources across the Group, CETV not only contributed to overall cost saving for TOM Group, but also extended its outreach to its audience via online and wireless channels, strengthened user interaction and improved service quality. Advertisers were also rendered opportunities to build their brands on a synergized cross-media platform. CETV restored 95% coverage in Shenzhen in 2011. During the year, CETV made further investment in self-produced programmes, which grew by 25% as compared to the previous year. Syndication income increased by more than 3.3 times in the year, while advertising income increased by 15%. Among the numerous channels in Guangzhou, CETV acquired 9% market share and top-5 ranking in the local TV advertising market. Despite adverse regulatory initiatives introduced by the State Administration of Radio, Film and Television during the year, segment revenues grew by 36% as compared to the previous year.

Premium self production attracts advertisers and drives revenues
During the review period, CETV invested in an array of premium programmes covering infotainment, health, dining and talk shows, which integrated clients' brands into content and served as brand-building platforms. The CETV team's creativity in customizing programmes strengthened its client relationship, positioning itself for the improved coverage.

As new hosts joined the popular talk show *CEO Interview* in 2010, more business leaders in Greater China shared their wisdom and life experiences. The show remained audience's favorite and a bridge connecting CETV and corporate advertising clients. *Beauty First*, *A Beauty's Trick* and *Trendy Master* targeted at middle-class female consumers, bringing them the best beauty coverage. These programmes attracted sponsorship from beauty and personal care brands including Vinch, Accen, Sewame, Marie France Bodyline and Modern Hospital Guangzhou etc. On the other hand, *Lin's Restaurant*, which featured healthy diet and cooking, was supported by kitchen appliances and sauce manufacturers. In future, CETV will produce more premium programmes hosted by celebrities.

CETV also tailored major events to support clients' marketing initiatives. The *Sarsae Music* series successfully strengthened the brand position of soft drink "Sarsae" by music performances. "The 6th Anniversary Ceremony and CETV Top 10 Asian Star Awards" celebrated the best popular Asian stars as voted by CETV audience. The glittering event was attended by celebrities from Mainland China, Korea and Taiwan, as well as business leaders and major advertising clients. CETV's position as premium entertainment channel was strengthened.

Trend-setting dramas made promotion platform of tourism
During the year, CETV broadcasted more popular Asian dramas such as award-winning Taiwanese production *Hi My Sweetheart*. Top Korean dramas *PASTA* and *White Lie* pushed forward surge in ratings and overwhelmed audience with Korean popular culture. As the Seoul Government intended to leverage on CETV's platform to promote Korean tourism across Pearl River Delta, it offered title sponsorship for various CETV programmes, production assistance in Seoul, and released tourist information on CETV website.

Interactivity strengthened as content sharing extended
In response to the growing significance of online and mobile infotainment, CETV leveraged on the internet and wireless resources of TOM Group to offer round-the-clock entertainment over various channels. Commencing October 2010, CETV entertainment news are available on the

TOM portal entertainment channel. The official CETV iPhone application was also launched to offer entertainment news, videos clips and latest programme billing, attracting over 10,000 downloads in the first month since launch. Extension of service to cover Android and MTK handsets is in the pipeline. Besides, the CETV official website (www.cetv.com) and mobile client (m.cetv.com) provide peripheral content such as artists' micro-blogs, videos and online community etc. to strengthen user stickiness.

Yang Cheng entrusted by multinationals for marketing campaigns
As the marketing expert preferred by multinational brands, Yang Cheng (YC) designed and executed innovative and effective marketing solutions for various well-known brands such as Nokia, Mentholatum, Adidas and Amway etc. YC has been the preferred agency for Nokia for consecutive years. In 2010, YC organized numerous nationwide road shows for Nokia, including "Solution Van China Tour" which covered more than 1,000 Mainland cities and towns, 18 "Come With Music" events and 938 "Lift Tool" road shows covering rural provinces. YC was also awarded projects by international brands including Pepsi, Suntory, Bridgestone, Adidas and Taylormade etc.

PUBLISHING – Profit surged by over 36% on booming of traditional and digital publishing and mobile applications

In the context of global economic recovery and rebound of advertising market, the Publishing Group delivered outstanding performance. As a result of simultaneous growth in traditional and digital publishing, the Publishing Group posted segment profit of HK$101 million, increased by 36% as compared to the previous year. Revenues amounted to HK$947 million, up by 9% year on year. As the Group's traditional publishing businesses attained market leadership, it reported another year of growth in book sales and advertising income, while numerous brands and projects were acclaimed. In recent years, TOM has been investing in technological research and development, and moving fast in digital publishing by riding on its edges in internet and new media. The Publishing Group enriched its distribution channels and launched a range of e-reading offerings such as e-publishing products, e-reading devices, mobile applications, book websites and SNS products etc. Going forward, the Publishing Group will pursue more cross-media projects and tap the Mainland market.

***Business Weekly* and traditional publishing posted further growth**
Business Weekly, the Publishing Group's flagship magazine in Taiwan, attained its leadership among its peer competitors, with advertisement pages and advertising income increased by 21% and 29% year on year. Alongside rapid development of e-books, overall sales of printed books and magazines continued to grow. Cité's bestsellers *Eat, Pray, Love* and *Years of Transience*, and Sharp Point's *Twilight* series sold over 80,000, 60,000 and 1.06 million copies respectively.

Digitization of publishing value chain
The Publishing Group continued to strengthen its digital publishing platform. Cité launched POPO (www.popo.tw) in late 2009, the first-of-its-kind platform offering online reading, publishing and distribution. In one year, the aggregate number of authors grew by nearly 4 times to over 3,000, whereas number of titles was up by nearly 4 times to around 4,000. In the Digital Publishing Golden Tripod Awards 2010, POPO was acclaimed "Innovation Award for Digital Publishing".

In the first half of 2010, Cité became the industry pioneer in Taiwan with the simultaneous publication of its book title *Self-Proud 4: Be a Wise Man with a Kind Heart* in printed and digital copies for mobile reader, e-reader and PC etc. Cité further offered nearly 500 books and magazines in printed and digital formats over various channels including Cité Reading Club (www.cite.com.tw/ebook.php), Cité's self-owned online platform and the number-one of its kind in Taiwan in terms of traffic.

In February 2011, Cité announced a partnership agreement with Kodansha, one of the largest publishing groups in Japan. The two groups will jointly develop digital publishing business, including production, marketing and sales of digital content, with a view to tap the Chinese-language markets including Taiwan, Mainland China and Hong Kong etc. Such partnership marked the first collaboration between publishers in Taiwan and Japan.

Mobile reading applications meet readers

The Publishing Group launched a number of applications to meet the rapid-growing demand for mobile reading. Besides "Lifeel" and "E Reading Now," which offer nearly 470 books and magazines published by Cité, *Nong Nong* e-magazine, Grimm Press's e-books and Sharp Point's "Quick Play News" application met readers over smartphones, iPhone and/or iPad. POPO commenced free download services for Android users in early 2010. More than 500 new mobile reading applications are expected to launch in 2011.

Book websites enhance e-learning and communities

The Group pursued more content digitization projects to address the growing significance of online reading and interactive communities. As at year end, 42 websites have been launched to cover a diversified scope of topics such as education, home décor, lifestyle, travel and computer etc.

Pixnet ranks number 9 among Taiwan websites

Pixnet (www.pixnet.net) is a social media website and online community window for publications under the Publishing Group. Following the Group's digital publishing initiatives, Pixnet launched the "Mobile Control Panel" mobile application for iPhone users to read, respond, dispatch and manage text, images and videos. On the other hand, self production online dramas *Love Harbour* and *4 People in Bed* received overwhelming response, taking daily page view of the website to over a million. According to Alexa, Pixnet had the 9th highest traffic among Taiwan websites as at September 2010.

All-round online and offline reading experiences for children

Cité's Gurubear child e-reading platform (www.gurubear.com.cn) in Mainland continued to integrate online and offline reading services for children and their parents. The "Tellybear" e-reading device was launched in Taiwan in the 4th quarter of 2010 to turn picture-book reading into unrivaled experience. As at year end, a total of 8 Gurubear storybook houses were in place to offer online and offline reading services. It is the Group's intention to expand its operation to around 50 houses in 2011.

Books and magazines acclaimed

The Publishing Group's vision and professionalism earned numerous recognitions. Cité's book title *Building Green Houses* was awarded in the 34th Golden Tripod Award (Non-Fiction) in Taiwan, while *La Vie* magazine won 2 awards namely the "Best Lifestyle Magazine Publication" and "Best Special Report", and *Business Weekly* was named the "Best Financial Magazine Publication". On the other hand, the Group's comic publications were also acclaimed in the First Gold Comic Awards. Sharp Point was awarded the "Best Comic Contribution Award For The Year", while its comic title *My Dear Princess* won the "Award For Best Comic" and "Award For Best Girl Comic". In the same event, *Energetic Boys* won "Award For Best New Comic" whereas *Lovely, Lovely, Lovely* was awarded "National Institute for Compilation and Translation Award For Good Comic Masterpiece". In Japan, *Yumeiro Patissiere*, *Ohoku* and *Let's Go To The Space, Brother!* won grand prizes in the 56th Shogakukan Magasho Awards. Regular champion *Business Weekly* was acclaimed in numerous awards including SOPA 2010 Awards for Editorial Excellence, Excellent Journalism Award, the 5th Hakka Journalism Award, the 14th News Report Award for Cross Straight and Mainland Affairs and 2010 Consumer Protection Award.

OUTDOOR MEDIA – Optimization and digitalization of media assets

Since Outdoor Media Group ("OMG") was fully acquired by TOM Group in May 2009, it has strived to strengthen its financial performance along consolidation and optimization of media assets, enhanced operational efficiency and tailoring of creative marketing solutions for clients. During the year, occupancy rate of media assets increased to 72%. Segment loss decreased significantly by 50% as compared to the previous year.

Since May 2010, OMG was appointed as an advertising agent for the major outdoor media assets in Shanghai owned by Shanghai Media and Entertainment Group (SMEG). As a result, OMG has an additional 25,000 square meters, or 19% increase in its portfolio for advertising clients to choose from. OMG also remained the preferred outdoor media agent of local and international brands for its account service excellence. In 2010, OMG was re-appointed by Amway as its exclusive outdoor advertising agent for its Eastern, Northern and Southern China operations.

The OMG major account servicing center is equipped with a seasoned team of advertising professionals, extensive network and market intelligence, and is poised to support the Group's asset digitization strategy. On the China Media Conference 2011 held in the 1st quarter of 2011, OMG was awarded the "Golden Great Wall Media Awards – 2010 Award for Outdoor New Media".

FINANCIAL REVIEW

TOM Group reports its results in five business segments namely Internet Group, E-Commerce Group, Publishing Group, Outdoor Media Group as well as Television & Entertainment Group.

Revenue

The Group's revenue for the year ended 31 December 2010 amounted to HK$2,464 million, an increase of 1.2% compared to HK$2,436 million last year.

Segmental Results

The Internet Group reported gross revenues of HK$1,032 million, 2.9% lower than last year's HK$1,062 million. Segment profit was HK$18 million, 71.7% lower than HK$63 million in 2009.

The E-Commerce Group reported gross revenues of HK$2 million and segment loss of HK$32 million.

Gross revenues of the Publishing Group increased by 9.2% to HK$947 million from last year's HK$867 million. Segment profit increased by 36.2% to HK$101 million from HK$74 million in 2009.

The Outdoor Media Group reported gross revenues of HK$275 million, 22.1% lower than last year's HK$353 million. Segment loss reduced by 49.8% to HK$22 million from HK$44 million in 2009.

Gross revenues of the Television & Entertainment Group increased by 35.5% to HK$209 million from last year's HK$154 million. Segment loss was HK$63 million, an 26.3% increase from HK$50 million in 2009.

Operating Loss

The Group's operating loss for the year amounted to HK$93 million, compared to last year's operating profit of HK$25 million. Excluding the financial impacts from non-recurring provision for impairment of goodwill and other assets of HK$12 million (2009: excess of net assets value over cost of acquisition of additional interests in a subsidiary of HK$91 million and provision for impairment of goodwill and other assets of HK$7 million), the operating loss was HK$81 million, compared to operating loss of HK$60 million in 2009.

Loss Attributable to Equity Holders of the Company

The Group's loss attributable to equity holders of the Company was HK$168 million, compared to HK$61 million in 2009.

Liquidity and Financial Resources

As at 31 December 2010, TOM Group had bank and cash balances, including pledged deposits, of approximately HK$1,083 million. A total of HK$2,665 million financing facilities were available, of which HK$1,951 million had been utilised as at 31 December 2010, to finance the Group's capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$1,951 million as at 31 December 2010. This included long-term bank loans of approximately HK$1,842 million and short-term bank loans of approximately HK$109 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 51% as at 31 December 2010, compared to 49% as at 31 December 2009.

As at 31 December 2010, the Group had net current assets of approximately HK$565 million, compared to approximately HK$737 million as at 31 December 2009.

As at 31 December 2010, the current ratio (Current assets/Current liabilities) of TOM Group was 1.39, compared to 1.51 as at 31 December 2009.

In 2010, the Group generated net cash of HK$180 million from its operating activities, compared to HK$142 million in 2009. Net cash outflow from investing activities was HK$276 million, which mainly included capital expenditures of HK$227 million and advance to jointly controlled entities of HK$42 million. During the year, the net cash outflow from financing activities amounted to HK$49 million, which mainly included repayment of bank loans, net of new drawdowns, of HK$53 million and dividends paid to non-controlling interests of HK$26 million; partially offset by reduction of restricted cash of HK$41 million.

Charges on Group Assets

As at 31 December 2010, the Group had restricted cash amounting to HK$4 million, being bank deposits pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return.

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

In September 2008 and August 2009, a subsidiary of the Group in Taiwan received revised income tax assessments for the years ended 31 December 2004 and 2005 respectively from the local tax authority. In these revised tax assessments, the tax authority claimed that amortisation of intangible assets amounting to approximately NT$44 million (approximately HK$11 million) and NT$146 million (approximately HK$38 million) was not deductible in deriving the assessable profits of the subsidiary of 2004 and 2005 respectively. This gave rise to a potential additional income tax liability to the Group of approximately NT$48 million (approximately HK$12 million). The subsidiary duly filed the appeals to the tax authority and requested for re-examination on the deductibility of the amortisation charge. In March and August 2010, the appeals for 2004 and 2005 revised tax assessments were turned down by the tax authority and the subsidiary escalated the appeals to the Court in Taiwan in May and October 2010 respectively. In December 2010, the subsidiary won the administrative proceeding for the 2004 tax appeal. In January 2011, the tax authority filed a final appeal to the Court. Up to the date of this announcement, the appeals are still outstanding and no results have been finalised.

In August 2010, January 2011 and March 2011, the subsidiary received revised tax assessments for the years ended 31 December 2007, 2006 and 2008 respectively, disallowing the deduction of amortisation of intangible assets of approximately NT$472 million (approximately HK$122 million) in total on similar grounds as 2004 and 2005. This gave rise to a potential additional income tax liability to the Group of approximately NT$118 million (approximately HK$31 million). The subsidiary duly filed a petition to the tax authority and requested for re-examination of the 2007 revised tax assessment and is in the process to file petitions for the 2006 and 2008 revised tax assessments. Up to the date of this announcement, the petitions are still outstanding and no results have been finalised.

Management has discussed the cases with its external tax representative. Based on the consultation, management considers that the amortisation of intangible assets should be tax deductible under the tax rules in Taiwan, and in view of the positive outcome of the 2004 administrative proceeding, management is confident of a favourable outcome of the tax appeals/petitions and considers no provision is necessary at this stage.

Should the tax appeals and petitions by the subsidiary be turned down finally, the subsidiary's income tax assessments for each of the years from 2009 to 2010 would likely be revised on a similar basis. The total incremental tax liability in relation to year 2004 to year 2010 to the Group thereon is approximately NT$232 million (approximately HK$60 million).

Employee Information

As at 31 December 2010, TOM Group had 3,170 full-time employees. Employee costs, excluding Directors' emoluments, totalled HK$551 million for the year (2009: HK$528 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 TOM Group's salary and bonus system, which is reviewed annually. A wide range of benefits including medical coverage and provident funds are also provided to employees. In addition, training and development programmes are provided on an ongoing basis throughout TOM Group. Social, sporting and recreational activities were arranged during the year for the employees on a Group-wide basis.

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 of 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 represented 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 2010

	Note	2010 HK$'000	2009 HK$'000
Turnover	2	2,464,227	2,435,753
Cost of sales	5	(1,845,688)	(1,756,267)
Selling and marketing expenses	5	(263,975)	(242,166)
Administrative expenses	5	(171,164)	(164,489)
Other operating expenses	5	(285,797)	(296,458)
Other gains/(losses), net	5	37,659	(4,679)
Excess of net assets value over cost of acquisition of additional interests in a subsidiary	4	-	90,879
Provision for impairment of goodwill and other assets	3	(11,514)	(6,700)
Share of losses of jointly controlled entities		(22,447)	(39,545)
Share of profits less losses of associated companies		5,698	8,186
		(93,001)	24,514
Finance income	6	15,285	22,005
Finance costs	6	(60,474)	(59,549)
Finance costs, net	6	(45,189)	(37,544)
Loss before taxation		(138,190)	(13,030)
Taxation	7	(38,933)	(46,177)
Loss for the year		(177,123)	(59,207)
Attributable to:			
Non-controlling interests		(9,171)	1,304
Equity holders of the Company		(167,952)	(60,511)
Loss per share for loss attributable to equity holders of the Company during the year			
Basic and diluted	9	HK(4.31) cents	HK(1.55) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 HK$'000	2009 HK$'000
Loss for the year	(177,123)	(59,207)
Other comprehensive income		
Exchange translation differences	51,313	23,482
Net actuarial (loss)/gain on defined benefit plans	(2,801)	5,830
Available-for-sale financial assets:		
Revaluation surplus during the year, net of tax	669	780
Other comprehensive income for the year, net of tax	49,181	30,092
Total comprehensive expense for the year	(127,942)	(29,115)
Total comprehensive income/(expense) attributable to:		
- Non-controlling interests	5,327	5,126
- Equity holders of the Company	(133,269)	(34,241)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		143,769	152,961
Goodwill		2,682,513	2,643,106
Other intangible assets		112,207	82,368
Interests in jointly controlled entities		(132,651)	(139,751)
Interests in associated companies		230,736	222,432
Available-for-sale financial assets		28,780	27,682
Advance to an investee company		2,172	2,169
Deferred tax assets		31,235	39,011
Other non-current assets		23,609	31,473
		3,122,370	3,061,451
Current assets			
Inventories		98,354	106,252
Trade and other receivables	10	836,240	842,316
Restricted cash		3,958	45,187
Cash and cash equivalents		1,079,340	1,186,178
		2,017,892	2,179,933
Current liabilities			
Trade and other payables	11	1,226,149	1,167,806
Taxation payable		45,937	35,925
Long-term bank loans - current portion		72,039	119,680
Short-term bank loans		109,032	119,800
		1,453,157	1,443,211
Net current assets		564,735	736,722
Total assets less current liabilities		3,687,105	3,798,173
Non-current liabilities			
Deferred tax liabilities		12,449	14,739
Non-current portion of long-term bank loans		1,770,361	1,721,410
Pension obligations		32,384	26,148
		1,815,194	1,762,297
Net assets		1,871,911	2,035,876
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		389,328	389,328
Reserves		1,130,525	1,275,069
Own shares held		(6,244)	(6,244)
		1,513,609	1,658,153
Non-controlling interests		358,302	377,723
Total equity		1,871,911	2,035,876

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Group											
	Attributable to equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Non-controlling 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
Comprehensive income:												
Loss for the year	-	-	-	-	-	-	-	-	(60,511)	(60,511)	1,304	(59,207)
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets, net of tax	-	-	-	-	-	-	1,174	-	-	1,174	(394)	780
Net actuarial gain on defined benefit plans	-	-	-	-	-	-	-	-	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)
Transactions with equity holders:												
Dividend paid to non-controlling 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 non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,897	1,897
Transfer to general reserve	-	-	-	-	-	4,512	-	-	(4,512)	-	-	-
Transactions with equity holders	-	-	-	-	-	4,512	-	-	(4,512)	-	(197,323)	(197,323)
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

Group

	Attributable to equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2010	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
Comprehensive income:												
Loss for the year	-	-	-	-	-	-	-	-	(167,952)	(167,952)	(9,171)	(177,123)
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets, net of tax	-	-	-	-	-	-	669	-	-	669	-	669
Net actuarial loss on defined benefit plans	-	-	-	-	-	-	-	-	(2,250)	(2,250)	(551)	(2,801)
Exchange translation differences	-	-	-	-	-	-	-	36,264	-	36,264	15,049	51,313
Total comprehensive income for the year ended 31 December 2010	-	-	-	-	-	-	669	36,264	(170,202)	(133,269)	5,327	(127,942)
Transactions with equity holders:												
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(25,916)	(25,916)
Deconsolidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	(12,004)	(12,004)
Change in ownership interests in a subsidiary that does not result in loss of control	-	-	-	(11,275)	-	-	-	-	-	(11,275)	11,275	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,897	1,897
Transfer to general reserve	-	-	-	-	-	3,586	-	-	(3,586)	-	-	-
Transactions with equity holders	-	-	-	(11,275)	-	3,586	-	-	(3,586)	(11,275)	(24,748)	(36,023)
Balance at 31 December 2010	389,328	(6,244)	3,625,981	27,162	776	137,346	3,001	605,993	(3,269,734)	1,513,609	358,302	1,871,911

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 judgement in the process of applying the Group's accounting policies.

In the current year, the Group has adopted all of the revised standards and amendments to standards that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2010. The adoption of these revised standards and amendments to standards has no material impact on the Group's results and financial position for the current and prior years except for the adoption of HKAS 27 (Revised), "Consolidated and Separate Financial Statements".

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Total comprehensive income and expense of a subsidiary is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses. HKAS 27 (Revised) has been applied prospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the revised standards.

The impact of the above changes is summarised below:

<u>Effects on equity as at 31 December 2010</u>

Increase in equity	HK$'000
Decrease in non-controlling interests	(7,025)
Decrease in capital reserve	(11,275)
Decrease in loss attributable to equity holders of the Company	18,300
	-

<u>Effects on consolidated income statement for the year ended 31 December 2010</u>

	HK$'000
Decrease in non-controlling interests	18,300
Decrease in loss attributable to equity holders of the Company	18,300
Decrease in basic/diluted loss per share	HK0.47 cents

2 Turnover, revenue and segment information

The Group has five reportable operating segments:

- Internet Group - provision of wireless internet services, online advertising, commercial enterprise solutions and internet access.

- E-Commerce Group - merchandise sales through internet-based marketplace.

- 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 2010 are as follows:

	Year ended 31 December 2010					
	Internet Group HK$'000	E-Commerce Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Total gross segment revenue	1,031,963	1,834	947,492	275,348	208,738	2,465,375
Inter-segment revenue	-	-	-	-	(1,148)	(1,148)
Net revenue from external customers	1,031,963	1,834	947,492	275,348	207,590	2,464,227
Segment profit/(loss) before amortisation and depreciation	32,430	(30,520)	200,660	28,355	(29,500)	201,425
Amortisation and depreciation	(14,593)	(1,879)	(99,378)	(50,456)	(33,878)	(200,184)
Segment profit/(loss)	17,837	(32,399)	101,282	(22,101)	(63,378)	1,241
Other material non-cash items:						
Provision for impairment of goodwill and other assets	-	-	-	(11,514)	-	(11,514)
Share of losses of jointly controlled entities	(255)	(22,192)	-	-	-	(22,447)
Share of profits less losses of associated companies	949	-	4,749	-	-	5,698
	694	(22,192)	4,749	(11,514)	-	(28,263)
Finance costs:						
Finance income	12,671	5	25,114	2,719	102	40,611
Finance expenses	-	-	(17,944)	(569)	(17,986)	(36,499)
	12,671	5	7,170	2,150	(17,884)	4,112
Segment profit/(loss) before taxation	31,202	(54,586)	113,201	(31,465)	(81,262)	(22,910)
Unallocated corporate expenses						(115,280)
Loss before taxation						(138,190)
Expenditure for operating segment non-current assets	11,669	9,774	134,805	33,543	36,734	226,525
Unallocated expenditure for non-current assets						352
Total expenditure for non-current assets						226,877

Note: During the year ended 31 December 2010, the Group has reorganised the business segments such that merchandise sales generated through internet-based marketplace have been reported in the E-Commerce Group.

2 Turnover, revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2010 are as follows:

	As at 31 December 2010					
	Internet Group HK$'000	E-Commerce Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	2,830,779	25,874	1,243,478	726,167	169,444	4,995,742
Interests in jointly controlled entities	-	(132,651)	-	-	-	(132,651)
Interests in associated companies	3,722	-	227,014	-	-	230,736
Unallocated assets						46,435
Total assets						5,140,262
Segment liabilities	517,567	11,739	401,565	158,023	64,125	1,153,019
Unallocated liabilities:						
Corporate liabilities						105,514
Current taxation						45,937
Deferred taxation						12,449
Borrowings						1,951,432
Total liabilities						3,268,351

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$'000	E-Commerce Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Total gross segment revenue	1,062,447	2	867,315	353,447	153,998	2,437,209
Inter-segment revenue	-	-	-	-	(1,456)	(1,456)
Net revenue from external customers	1,062,447	2	867,315	353,447	152,542	2,435,753
Segment profit/(loss) before amortisation and depreciation	93,252	(8,300)	143,357	(4,868)	(28,670)	194,771
Amortisation and depreciation	(30,300)	(192)	(69,002)	(39,148)	(21,521)	(160,163)
Segment profit/(loss)	62,952	(8,492)	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	-	-	-	(6,700)	-	(6,700)
Share of losses of jointly controlled entities	(30)	(39,515)	-	-	-	(39,545)
Share of profits less losses of associated companies	111	-	8,075	-	-	8,186
	81	(39,515)	8,075	84,179	-	52,820
Finance costs:						
Finance income	18,636	2	24,411	3,992	117	47,158
Finance expenses	(2,002)	-	(20,002)	(959)	(17,268)	(40,231)
	16,634	2	4,409	3,033	(17,151)	6,927
Segment profit/(loss) before taxation	79,667	(48,005)	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	6,048	5,370	71,334	35,183	23,326	141,261
Unallocated expenditure for non-current assets						337
Total expenditure for non-current assets						141,598

Note: For the year ended 31 December 2009, the Group reported merchandise sales generated through internet-based marketplace in the Internet Group. The comparative figures have been reclassified to conform with the current year's presentation.

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$'000	E-Commerce Group HK$'000	Publishing Group HK$'000	Outdoor Media Group HK$'000	Television and Entertainment Group HK$'000	Total HK$'000
Segment assets	2,859,532	6,799	1,149,257	856,106	159,181	5,030,875
Interests in jointly controlled entities	250	(140,001)	-	-	-	(139,751)
Interests in associated companies	2,727	-	219,705	-	-	222,432
Unallocated assets						127,828
Total assets						5,241,384
Segment liabilities	502,066	1,779	342,954	195,252	49,757	1,091,808
Unallocated liabilities:						
Corporate liabilities						102,146
Current taxation						35,925
Deferred taxation						14,739
Borrowings						1,960,890
Total liabilities						3,205,508

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 businesses are operated in three main geographical areas:

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

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

Taiwan and other Asian countries – Internet Group and Publishing Group

2 Turnover, revenue and segment information (Continued)

There are no significant sales between the geographical segments.

	Turnover		Non-current assets other than deferred tax assets	
	Year ended 31 December 2010 Consolidated Total HK$'000	Year ended 31 December 2009 Consolidated Total HK$'000	Year ended 31 December 2010 Consolidated Total HK$'000	Year ended 31 December 2009 Consolidated Total HK$'000
Hong Kong	17,096	15,110	7,798	14,695
Mainland China	1,527,744	1,576,502	2,463,770	2,428,626
Taiwan and other Asian countries	919,387	844,141	619,567	579,119
	2,464,227	2,435,753	3,091,135	3,022,440

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 Provision for impairment of goodwill and other assets

The amount in the current year represented a provision for impairment of goodwill of HK$2,614,000 and available-for-sale financial assets of HK$8,900,000 relating to the Outdoor Media Group (2009: provision for impairment of goodwill by Outdoor Media Group of HK$6,700,000). This provision was made with reference to the reduced estimated values of certain operations and assets held by the Outdoor Media Group.

4 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 a non-controlling interests. The acquisition from the non-controlling interests could enable the Group to have full control over the outdoor business and facilitate the synergy of the outdoor media group 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.

5 Operating (loss)/profit

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

	2010 HK$'000	2009 HK$'000
Charging:		
Depreciation	64,888	72,750
Amortisation of other intangible assets	136,135	88,643
Amortisation of other intangible assets included in interests in associated companies	2,712	3,986
Cost of inventories sold	540,831	464,299
Loss on disposal of fixed assets	182	7,037
Loss on disposal of subsidiaries	-	3,215
Loss on disposal of other intangible assets	-	484
Crediting:		
Dividend income from available-for-sale financial assets	494	370
Gain on disposal of available-for-sale financial assets	5,402	-
Gain on disposal of a subsidiary	7,666	-
Exchange gain, net	24,279	5,687

6 Finance costs, net

	2010 HK$'000	2009 HK$'000
Interest and borrowing costs on bank loans	58,574	57,578
Interest on other loans, wholly repayable within five years	1,900	1,971
	60,474	59,549
Less: Interest income		
- available-for-sale financial assets	-	(4,802)
- bank and others	(15,285)	(17,203)
	(15,285)	(22,005)
	45,189	37,544

7 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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:

	2010 HK$'000	2009 HK$'000
Overseas taxation	31,942	32,078
(Over)/under-provision in prior years	(321)	613
Deferred taxation	7,312	13,486
Taxation charge	38,933	46,177

8 Dividends

No dividends had been paid or declared by the Company during the year (2009: 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$167,952,000 (2009: HK$60,511,000) and the weighted average of 3,893,270,558 (2009: 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 2010 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 (2009: Same).

10 Trade and other receivables

	Group	
	2010	2009
	HK$'000	HK$'000
Trade receivables	538,364	553,456
Prepayments, deposits and other receivables	297,876	288,860
	836,240	842,316

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 Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

As at 31 December 2010 and 2009, the ageing analyses of the Group's trade receivables were as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Current	168,424	133,825
31-60 days	132,085	140,616
61-90 days	89,129	102,220
Over 90 days	244,635	280,745
	634,273	657,406
Less: Provision for impairment	(95,909)	(103,950)
	538,364	553,456

11 Trade and other payables

	Group	
	2010	2009
	HK$'000	HK$'000
Trade payables	319,787	339,858
Other payables and accruals	906,362	827,948
	1,226,149	1,167,806

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

As at 31 December 2010 and 2009, the ageing analyses of the Group's trade payables were as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Current	101,460	84,235
31-60 days	47,170	53,733
61-90 days	27,951	26,829
Over 90 days	143,206	175,061
	319,787	339,858

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2010. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 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 all the code provisions of the Code on Corporate Governance Practices ("Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") throughout the year ended 31 December 2010, except that the Chairman of the board of directors was unable to attend the Company's annual general meeting held on 14 May 2010 (which was required under the Code provision E.1.2) as he was out of town for another engagement.

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*