2011 INTERIM REPORT

TOM Group Limited

Incorporated in the Cayman Islands with limited liability

Stock Code:2383

Contents

Definitions

"Associates"	has the meaning ascribed under the Listing Rules
"CETV"	means China Entertainment Television Broadcast Limited
"CKH"	means Cheung Kong (Holdings) Limited
"Company" or "TOM"	means TOM Group Limited
"Director(s)"	means the director(s) of the Company
"Group" or "TOM Group"	means the Company and its subsidiaries
"HWL"	means Hutchison Whampoa Limited
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"Mainland"	means The People's Republic of China, excluding Hong Kong, Macau and Taiwan
"New Option Scheme"	means the share option scheme adopted by the Company on 23 July 2004
"Old Option Scheme"	means the share option scheme adopted by the Company on 11 February 2000 (as amended) and terminated with effect from 4 August 2004
"SFO"	means the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"TOM Online"	means TOM Online Inc.

I am pleased to announce the results of TOM Group Limited ("TOM" or the "Company") and its subsidiaries (collectively referred to as the "TOM Group" or the "Group") for the six months ended 30 June 2011.

For the reporting period, the Group posted revenue of HK$1,122 million. Operating loss was HK$100 million whereas loss attributable to shareholders was HK$129 million and loss per share was 3.3 HK cents. During the period, regulatory and mobile operator policies in the Mainland continued to pose challenges to the Group's mobile value-added service businesses. To meet these challenges, the Group is building cloud-based cross-device and operator-agnostic open platforms, focusing on user-centric products and services.

During the period, the Internet Group posted revenue of HK$389 million. Segment loss amounted to HK$28 million.

The e-Commerce Group continued to build encouraging growth momentum. The Ule joint-venture sold over RMB170 million of prepaid cards while conversion rate of cards sold to customer purchases averaged over 30%. The Ule joint-venture is well positioned competitively in the e-commerce market in the Mainland and management expects this business will become one of the Group's key revenue drivers in future years.

The Publishing Group posted satisfactory results again for the period. Segment revenue and profit grew by 14% and 9% respectively as compared to the previous year. The Group remains a market leader in the digital and printed publishing in the Chinese-language. It has launched over 120 applications on various e-reading devices, while printed publications saw 13% growth in sales during the period.

The operating environment remained challenging for CETV. The Television & Entertainment Group reported loss of HK$43 million in the period. To increase the distribution of its content, CETV has developed iPhone, iPad and Android applications, which to date have been downloaded 90,000 times in the aggregate. CETV also produces interactive entertainment content that is delivered over other online platforms. Management expects these applications and online offerings to provide a new distribution channel and additional monetisation opportunities for CETV's content.

The Outdoor Media Group posted a 7% increase in revenue while occupancy rate of the media assets stood at about 70%.

I would like to take this opportunity to render my appreciation to all the Group's management and staff for their continuing hard work and dedication.

Frank Sixt
Chairman

Hong Kong, 1 August 2011

Financial Highlights

	For the six months ended	
	30 June 2011	30 June 2010
	HK$'000	*HK$'000*
Revenue	**1,122,139**	1,243,826
Operating loss#	**(99,811)**	(11,931)
Loss attributable to equity holders of the Company	**(128,516)**	(66,106)
Loss per share (HK cents)	**(3.30)**	(1.70)

Including share of results of associated companies and jointly controlled entities

Business Review

E-Commerce – KPI performances indicate encouraging growth momentum

Ule (www.ule.com.cn), a unique open platform and joint-venture between TOM and China Post, rolled out an upgrade version of its virtual distribution centre (VDC) in June. This one-stop logistics and warehousing system is tailored to enhance offline merchants' efficiency in order handling, and to offer merchants an affordable entrance to establish their e-commerce channels by offering them the capability for store-front fulfillment in the absence of warehousing. Currently, more than half of the Ule merchants have been using the VDC.

As Ule commenced operation in 2010, it reported encouraging results in various key performance indicators (KPIs), revealing positive growth momentum. Ule was named one of the top 10 portals in the Mainland offering the best investment value. As at end of June, Ule reported gross merchandise value (GMV) over RMB60 million. Revenue grew rapidly with double digit growth per month. The average value per transaction stood at RMB270. On the other hand, offline over-the-counter sales services have been extended to nationwide. Among the various sales channels, group buying services contributed around 20% of GMV.

Moving forward, Ule is becoming a cloud-based open platform for domestic and international business partners, with or without e-commerce experience and capabilities, to tap the Mainland e-commerce market. Furthermore, Ule will grow its user base and sales platform by extending services to online, offline and mobile channels.

Mobile Internet – cloud platform serving as landing runway for international and domestic partners' technology and applications

In response to the evolvement in the 2.5G eco system and the arrival of 3G mobile Internet and smartphones, the Internet Group proactively reallocated its financial and human resources from content-based value-added and portal services, which were increasingly pressurised by high costs and thin margin, to the fast-growing mobile Internet business. In the second half of the year, the Internet Group will focus on the launch of mobile Internet products and services on the readily-built cloud-based cross-device mobile Internet platform, in order to materialise the strategic landing platform for local and overseas novelty technology and applications.

In the first six months of the year, e-reading platform Huanjianshumeng (hjsm.tom.com) extended its device-based platform and saw growth in the number of registered users by 9 folds, reaching 3.6 million. Also, the Group recently announced a strategic partnership with Glu Mobile Inc., a global social mobile game publisher, to develop a smartphone store-front community for the Mainland market. Also to be launched in the fourth quarter in conjunction with an UK partner is "Crunch Time", an application that combines game entertainment and e-commerce. On the music front, the Internet Group has developed a streaming music social networking services application, which will be pre-embedded in Samsung tablet computers and smartphones to be rolled out by late third quarter the earliest. In June, the Internet Group joined the leading local operator 3HK and ESD Life to launch a self-developed cross-device application "Favspot" in Hong Kong, which recorded over 15,000 downloads shortly since launch and ranked among the top 10 in iTunes Appstore under the Lifestyle category. Moving forward, Favspot will join a major partner to roll out the service in the Mainland.

Publishing – over 120 applications and 700,000 downloads reveal fast development of digital publishing

Both traditional and digital publishing businesses under the Publishing Group reported satisfactory performance. Sales of books and magazines were up by 13% year on year, whereas the digital publishing business captured opportunities in online reading, e-reading applications and hardware devices. Besides e-reading application "e Reading Now" which provides over 650 books, the Publishing Group has launched over 120 reading applications over iPhone, iPad and Android platforms, recording over 700,000 downloads in the aggregate. These included searcher application on iPad "Make You Smart", paid iPad applications launched by Business Weekly Media Group and Nong Nong's "Bella" etc. On the other hand, POPO (www.popo.tw) also saw continuous growth in the aggregate number of authors and titles by 31% and 18% year on year, reaching 4,200 and 4,700 respectively. The Gurubear storybook houses network has extended to 13 outlets.

In August, Cité moved further into the international arena by collaborating with the global leading media group British Broadcasting Corporation (BBC) in the launch of *Lonely Planet* Chinese edition, while iPad and Android versions were also made available. The Chinese edition of *BBC Knowledge*, a magazine popular amongst the Western markets, will be rolled out in September. Cité and BBC will further collaborate to produce Simplified Chinese editions of these magazines to tap the Mainland market.

CETV under the Television & Entertainment Group outreached to tap overseas advertising clients, and continued to expand its audience base with the launch of device-based applications on iPhone and Android etc. On the other hand, the Outdoor Media Group continued in optimising and upgrading its media assets portfolio. It posted a 7% growth in revenue in the first half of the year.

Liquidity and Financial Resources

As at 30 June 2011, TOM Group had bank and cash balances, including pledged deposits, of approximately HK$1,065 million. A total of HK$2,689 million financing facilities were available, of which HK$2,034 million had been utilised as at 30 June 2011, to finance the Group's capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$2,034 million as at 30 June 2011. This included long-term bank loans of approximately HK$1,906 million and short-term bank loans of approximately HK$128 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 53% as at 30 June 2011, as compared to 51% as at 31 December 2010.

As at 30 June 2011, the Group had net current assets of approximately HK$501 million, as compared to approximately HK$565 million as at 31 December 2010.

As at 30 June 2011, the current ratio (Current assets/Current liabilities) of TOM Group was 1.34, as compared to 1.39 as at 31 December 2010.

For the first six months of 2011, the Group generated net cash from its operating activities before interest and taxation of HK$23 million, as compared to HK$66 million in the same period of 2010.

Charges on Group Assets

As at 30 June 2011, the Group had restricted cash amounting to approximately HK$3 million, being bank deposits mainly pledged in favour of certain publishing distributors 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

From 2008 to June 2011, a subsidiary of the Group in Taiwan received revised income tax assessments for the years ended 31 December 2004 to 2008 from the local tax authority, disallowing the deduction of amortisation of intangible assets amounting to approximately NT$663 million (approximately HK$179 million) in total in deriving the assessable profits of the subsidiary. This gave rise to a potential additional income tax liability to the Group of approximately NT$166 million (approximately HK$45 million). The subsidiary duly filed the petitions/appeals to the tax authority and requested for re-examination on the deductibility of the amortisation charge. In 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 December 2010, the subsidiary won the administrative proceedings for the 2004 tax appeal and in January 2011, the tax authority filed a final appeal to the Court for the 2004 revised tax assessment. In June 2011, the subsidiary won the administrative proceedings for the 2005 tax appeal and the tax authority has not yet filed an appeal to the Court at the date of this financial information. Up to the date of this financial information, the final appeal for 2004 and petitions for 2006, 2007 and 2008 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 and 2005 administrative proceedings, 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 2011 would likely be revised on a similar basis. The total incremental tax liability from year 2004 to 30 June 2011 to the Group thereon is approximately NT$245 million (approximately HK$66 million).

Employee Information

As at 30 June 2011, TOM Group had over 3,000 full-time employees. During the first six months of the year, employee costs, including Directors' emoluments, totalled at HK$305 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2010.

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, 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 the financial reporting.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF TOM GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 9 to 28, which comprises the condensed consolidated interim statement of financial position of TOM Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2011 and the related condensed consolidated interim income statement, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 1 August 2011

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2011

	Note	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000
Revenue	4	**1,122,139**	1,243,826
Cost of sales	6	**(846,711)**	(926,773)
Selling and marketing expenses	6	**(132,681)**	(121,274)
Administrative expenses	6	**(83,870)**	(84,427)
Other operating expenses	6	**(159,120)**	(127,567)
Other gains, net	6	**6,989**	20,312
Provision for impairment of goodwill and other assets	5	**–**	(4,800)
Share of profits less losses of jointly controlled entities		**(6,571)**	(12,965)
Share of profits less losses of associated companies		**14**	1,737
		(99,811)	(11,931)
Finance income	7	**8,437**	7,866
Finance costs	7	**(29,294)**	(29,911)
Finance costs, net	7	**(20,857)**	(22,045)
Loss before taxation		**(120,668)**	(33,976)
Taxation	8	**(17,332)**	(25,570)
Loss for the period		**(138,000)**	(59,546)
Attributable to:			
– Non-controlling interests		**(9,484)**	6,560
– Equity holders of the Company		**(128,516)**	(66,106)
Loss per share for loss attributable to the equity holders of the Company			
Basic and diluted	10	**HK(3.30)cents**	HK(1.70)cents

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Loss for the period	**(138,000)**	(59,546)
Other comprehensive income/(expenses)		
Exchange translation differences	**54,721**	(4,614)
Employee share option schemes		
– Value of employee services	**–**	120
Revaluation surplus/(deficit) on available-for-sale financial assets, net of tax	**443**	(1,462)
Other comprehensive income/(expenses) for the period, net of tax	**55,164**	(5,956)
Total comprehensive expenses for the period	**(82,836)**	(65,502)
Total comprehensive income/(expenses) for the period attributable to:		
– Non-controlling interests	**1,447**	8,469
– Equity holders of the Company	**(84,283)**	(73,971)

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2011

	Note	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	11	**145,350**	143,769
Goodwill	12	**2,730,203**	2,682,513
Other intangible assets	13	**122,531**	112,207
Interests in jointly controlled entities		**(128,645)**	(132,651)
Interests in associated companies		**223,032**	230,736
Available-for-sale financial assets		**14,943**	28,780
Advance to an investee company		**2,172**	2,172
Deferred tax assets		**36,431**	31,235
Other non-current assets		**19,545**	23,609
		3,165,562	3,122,370
Current assets			
Inventories		**106,097**	98,354
Trade and other receivables	14	**821,334**	836,240
Restricted cash	15	**3,210**	3,958
Cash and cash equivalents		**1,062,269**	1,079,340
		1,992,910	2,017,892
Current liabilities			
Trade and other payables	16	**1,240,340**	1,226,149
Taxation payable		**47,401**	45,937
Long-term bank loans – current portion	17	**75,853**	72,039
Short-term bank loans	17	**128,108**	109,032
		1,491,702	1,453,157
Net current assets		**501,208**	564,735
Total assets less current liabilities		**3,666,770**	3,687,105

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2011

	Note	**Unaudited 30 June 2011 HK$'000**	Audited 31 December 2010 HK$'000
Non-current liabilities			
Deferred tax liabilities		**13,925**	12,449
Non-current portion of long-term bank loans	17	**1,830,276**	1,770,361
Pension obligations		**33,981**	32,384
		1,878,182	1,815,194
Net assets		**1,788,588**	1,871,911
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	18	**389,328**	389,328
Reserves		**1,045,394**	1,130,525
Own shares held		**(6,244)**	(6,244)
		1,428,478	1,513,609
Non-controlling interests		**360,110**	358,302
Total equity		**1,788,588**	1,871,911

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2011

	Unaudited											
	Attributable to equity holders of the Company											
	Share capital	Own shares held	Share premium	Capital reserve	Capital redemption reserve	General reserve	Available-for-sale financial assets reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2011	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
Comprehensive income:												
Loss for the period	–	–	–	–	–	–	–	–	(128,516)	(128,516)	(9,484)	(138,000)
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets, net of tax	–	–	–	–	–	–	443	–	–	443	–	443
Exchange translation differences	–	–	–	–	–	–	–	43,790	–	43,790	10,931	54,721
Total comprehensive income for the period ended 30 June 2011	–	–	–	–	–	–	443	43,790	(128,516)	(84,283)	1,447	(82,836)
Transactions with equity holders:												
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,428)	(1,428)
Acquisition of additional interests in a subsidiary	–	–	–	(848)	–	–	–	–	–	(848)	848	–
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	941	941
Transactions with equity holders	–	–	–	(848)	–	–	–	–	–	(848)	361	(487)
Balance at 30 June 2011	389,328	(6,244)	3,625,981	26,314	776	137,346	3,444	649,783	(3,398,250)	1,428,478	360,110	1,788,588

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2011

	Unaudited											
	Attributable to equity holders of the Company											
	Share capital	Own shares held	Share premium	Capital reserve	Capital redemption reserve	General reserve	Available-for-sale financial assets reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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 period	–	–	–	–	–	–	–	–	(66,106)	(66,106)	6,560	(59,546)
Other comprehensive income:												
Employee share option schemes												
– Value of employee services	–	–	–	133	–	–	–	–	–	133	(13)	120
Revaluation deficit on available-for-sale financial assets, net of tax	–	–	–	–	–	–	(1,462)	–	–	(1,462)	–	(1,462)
Exchange translation differences	–	–	–	–	–	–	–	(6,536)	–	(6,536)	1,922	(4,614)
Total comprehensive income for the period ended 30 June 2010	–	–	–	133	–	–	(1,462)	(6,536)	(66,106)	(73,971)	8,469	(65,502)
Transactions with equity holders:												
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,368)	(1,368)
Deconsolidation of a subsidiary	–	–	–	–	–	–	–	–	–	–	(7,359)	(7,359)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	468	468
Transactions with equity holders	–	–	–	–	–	–	–	–	–	–	(8,259)	(8,259)
Balance at 30 June 2010	389,328	(6,244)	3,625,981	38,570	776	133,760	870	563,193	(3,162,052)	1,584,182	377,933	1,962,115

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Net cash inflow from operations	**22,518**	65,752
Interest paid	**(14,591)**	(10,328)
Overseas taxation paid	**(20,159)**	(13,315)
Net cash (used in)/from operating activities	**(12,232)**	42,109
Net cash used in investing activities	**(93,122)**	(118,058)
Net cash from/(used in) financing activities	**59,460**	(30,671)
Net decrease in cash and cash equivalents	**(45,894)**	(106,620)
Cash and cash equivalents at the beginning of the period	**1,079,340**	1,186,178
Exchange adjustment	**28,823**	3,271
Cash and cash equivalents at the end of the period	**1,062,269**	1,082,829

1 Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following amendments to standards are relevant and mandatory to the Group for the financial year beginning 1 January 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 34 (Amendment)	Interim Financial Reporting

The effect of the adoption of the above amendments to standards beginning 1 January 2011 is not material to the Group's results of operations or financial position and only results in additional disclosures.

At the date of authorisation of this condensed consolidated interim financial information, the following standards and amendments to standards were in issue but not yet effective and have not been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 12 (Amendment)	Deferred Tax – Recovery of Underlying Assets
HKAS 19 (Amendment)	Employee Benefits
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurements

The Group has already commenced an assessment of the impact of these new standards and amendments to standards, but is not in a position to state whether these new standards and amendments to standards would have a significant impact to its results of operations or financial position.

2 Critical accounting estimates and judgements

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010, with the exception of changes in estimates that are required in determining the provision for income taxes.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including cash flow interest rate risk, fair value interest rate risk, price risk and currency risk).

This condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in the risk management policies since year ended 31 December 2010.

4 Segment information

The Group has five reportable segments:

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

4 Segment information (Continued)

The segment results for the six months ended 30 June 2011 are as follows:

	Unaudited Six months ended 30 June 2011					
	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	388,942	–	500,991	149,944	82,727	1,122,604
Inter-segment revenue	–	–	–	–	(465)	(465)
Net revenue from external customers	388,942	–	500,991	149,944	82,262	1,122,139
Segment profit/(loss) before amortisation and depreciation	(21,888)	(25,709)	106,352	1,749	(21,711)	38,793
Amortisation and depreciation	(6,254)	(1,598)	(50,333)	(20,447)	(21,240)	(99,872)
Segment profit/(loss)	(28,142)	(27,307)	56,019	(18,698)	(42,951)	(61,079)
Other material non-cash items:						
Share of profits less losses of jointly controlled entities	–	(6,571)	–	–	–	(6,571)
Share of profits less losses of associated companies	164	–	(150)	–	–	14
	164	(6,571)	(150)	–	–	(6,557)
Finance costs:						
Finance income *(note a)*	7,082	7	10,969	1,022	36	19,116
Finance expenses *(note a)*	–	–	(7,706)	–	(9,415)	(17,121)
	7,082	7	3,263	1,022	(9,379)	1,995
Segment profit/(loss) before taxation	(20,896)	(33,871)	59,132	(17,676)	(52,330)	(65,641)
Unallocated corporate expenses						(55,027)
Loss before taxation						(120,668)
Expenditure for operating segment non-current assets	3,727	512	52,946	22,566	26,112	105,863
Unallocated expenditure for non-current assets						62
Total expenditure for non-current assets						105,925

The Group has reorganised the business segments such that merchandise sales generated through internet-based marketplace and the related costs have been reported in the E-Commerce Group from the year ended 31 December 2010 onwards.

Note (a): Inter-segment interest income and inter-segment interest expenses amounted to HK$10,759,000 and HK$9,781,000 were included in the finance income and finance expenses respectively.

4 Segment information (Continued)

The segment results for the six months ended 30 June 2010 are as follows:

	Unaudited Six months ended 30 June 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	562,864	264	439,371	139,846	102,027	1,244,372
Inter-segment revenue	–	–	–	–	(546)	(546)
Net revenue from external customers	562,864	264	439,371	139,846	101,481	1,243,826
Segment profit/(loss) before amortisation and depreciation	37,955	(10,158)	85,265	11,352	(5,502)	118,912
Amortisation and depreciation	(7,823)	(939)	(33,635)	(21,522)	(17,248)	(81,167)
Segment profit/(loss)	30,132	(11,097)	51,630	(10,170)	(22,750)	37,745
Other material non-cash items:						
Provision for impairment of goodwill and other assets	–	–	–	(4,800)	–	(4,800)
Share of losses of jointly controlled entities	–	(12,965)	–	–	–	(12,965)
Share of profits less losses of associated companies	311	–	1,426	–	–	1,737
	311	(12,965)	1,426	(4,800)	–	(16,028)
Finance costs:						
Finance income *(note a)*	6,403	1	12,618	1,545	28	20,595
Finance expenses *(note a)*	–	–	(9,286)	(279)	(8,780)	(18,345)
	6,403	1	3,332	1,266	(8,752)	2,250
Segment profit/(loss) before taxation	36,846	(24,061)	56,388	(13,704)	(31,502)	23,967
Unallocated corporate expenses						(57,943)
Loss before taxation						(33,976)
Expenditure for operating segment non-current assets	4,899	7,787	42,955	20,141	18,381	94,163
Unallocated expenditure for non-current assets						25
Total expenditure for non-current assets						94,188

For the six months ended 30 June 2010, the Group reported merchandise sales generated through internet-based marketplace and the related costs in the Internet Group. The comparative figures have been reclassified to conform with the current period's presentation.

Note (a): Inter-segment interest income and inter-segment interest expenses amounted to HK$12,845,000 and HK$9,478,000 were included in the finance income and finance expenses respectively.

4 Segment information (Continued)

The segment assets and liabilities at 30 June 2011 are as follows:

	Unaudited As at 30 June 2011					
	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	2,902,559	18,079	1,259,880	652,544	180,522	5,013,584
Interests in jointly controlled entities	–	(128,645)	–	–	–	(128,645)
Interests in associated companies	3,937	–	219,095	–	–	223,032
Unallocated assets						50,501
Total assets						5,158,472
Segment liabilities	543,584	6,531	370,408	160,418	81,694	1,162,635
Unallocated liabilities:						
Corporate liabilities						111,686
Current taxation						47,401
Deferred taxation						13,925
Borrowings						2,034,237
Total liabilities						3,369,884

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

	Audited 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

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.

5 Provision for impairment of goodwill and other assets

The amount in 2010 represented the provision for impairment of goodwill of HK$2,614,000 and an available-for-sale financial asset of HK$2,186,000 relating to the Outdoor Media Group. These provisions were made with reference to the reduced estimated values of certain operations and assets held by the Outdoor Media Group.

6 Operating loss

Operating loss is stated after charging/crediting the following:

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Charging:		
Depreciation of fixed assets *(Note 11)*	**28,496**	29,475
Amortisation of other intangible assets *(Note 13)*	**71,892**	52,003
Amortisation of other intangible assets included in interests in associated companies	**1,356**	1,356
Loss on disposal of fixed assets	**–**	320
Crediting:		
Exchange gains, net	**653**	20,329
Dividend income from available-for-sale financial assets/ an available-for-sale financial asset	**6,153**	303
Gain on disposal of fixed assets	**183**	–

7 Finance costs, net

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Interest and borrowing costs on bank loans	**28,370**	28,977
Interest on other loans	**924**	934
	29,294	29,911
Less: Interest income	**(8,437)**	(7,866)
	20,857	22,045

8 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Overseas taxation	**19,679**	17,585
Under-provision in prior years	**540**	–
Deferred taxation	**(2,887)**	7,985
Taxation charge	**17,332**	25,570

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

9 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2011 (2010: Nil).

10 Loss per share

(a) Basic

The calculation of the basic loss per share is based on consolidated loss attributable to the equity holders of the Company of HK$128,516,000 (2010: HK$66,106,000) and the weighted average of 3,893,270,558 (2010: 3,893,270,558) ordinary shares in issue during the period.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the period ended 30 June 2011 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 (2010: Same).

11 Fixed assets

During the period, major fixed assets acquired by the Group was computer equipment amounting to HK$10,705,000 (31 December 2010: HK$30,461,000).

	HK$'000
At 1 January 2010	152,961
Additions	22,399
Disposals	(1,402)
Deconsolidation of a subsidiary	(1,888)
Depreciation charge	(29,475)
Exchange adjustments	503
At 30 June 2010 (unaudited)	143,098
At 1 January 2011	143,769
Additions	26,875
Disposals	(589)
Depreciation charge	(28,496)
Exchange adjustments	3,791
At 30 June 2011 (unaudited)	**145,350**

12 Goodwill

	HK$'000
At 1 January 2010	2,643,106
Provision for impairment of goodwill	(2,614)
Exchange adjustments	153
At 30 June 2010 (unaudited)	2,640,645
At 1 January 2011	2,682,513
Exchange adjustments	47,690
At 30 June 2011 (unaudited)	**2,730,203**

13 Other intangible assets

	Concession rights	Publishing rights	Purchased programme and film rights	Customer base and technical know-how	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	37,341	33,727	6,424	4,876	82,368
Additions	13,680	34,112	16,289	7,708	71,789
Amortisation charge	(7,627)	(27,442)	(16,517)	(417)	(52,003)
Deconsolidation of a subsidiary	(400)	–	–	–	(400)
Exchange adjustments	–	616	–	–	616
At 30 June 2010 (unaudited)	42,994	41,013	6,196	12,167	102,370
At 1 January 2011	31,504	60,251	7,371	13,081	112,207
Additions	7,859	44,796	26,068	327	79,050
Amortisation charge	(7,477)	(42,109)	(20,878)	(1,428)	(71,892)
Exchange adjustments	767	1,926	150	323	3,166
At 30 June 2011 (unaudited)	**32,653**	**64,864**	**12,711**	**12,303**	**122,531**

14 Trade and other receivables

	Unaudited 30 June 2011	Audited 31 December 2010
	HK$'000	*HK$'000*
Trade receivables	**526,210**	538,364
Prepayments, deposits and other receivables	**295,124**	297,876
	821,334	836,240

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 days 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.

14 Trade and other receivables (Continued)

The ageing analyses of the Group's trade receivables were as follows:

	Unaudited 30 June 2011 *HK$'000*	Audited 31 December 2010 *HK$'000*
Current	**152,131**	168,424
31-60 days	**112,762**	132,085
61-90 days	**90,327**	89,129
Over 90 days	**269,009**	244,635
	624,229	634,273
Less: Provision for impairment	**(98,019)**	(95,909)
	526,210	538,364
Represented by:		
Receivables from related companies	**5,256**	4,231
Receivables from third parties	**520,954**	534,133
	526,210	538,364

15 Restricted Cash

As at 30 June 2011, NT$11,900,000 (approximately HK$3,210,000) (31 December 2010: NT$15,246,000 or approximately HK$3,958,000) were mainly pledged to certain publishing distributors in Taiwan as retainer fee for potential sales return.

16 Trade and other payables

	Unaudited 30 June 2011 *HK$'000*	Audited 31 December 2010 *HK$'000*
Trade payables	**320,377**	319,787
Other payables and accruals	**919,963**	906,362
	1,240,340	1,226,149

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

The ageing analyses of the Group's trade payables were as follows:

	Unaudited 30 June 2011 *HK$'000*	Audited 31 December 2010 *HK$'000*
Current	**81,973**	101,460
31-60 days	**42,878**	47,170
61-90 days	**24,961**	27,951
Over 90 days	**170,565**	143,206
	320,377	319,787
Represented by:		
Payable to related companies	**1,315**	1,513
Payable to third parties	**319,062**	318,274
	320,377	319,787

17 Movements in borrowings

	Short-term bank loans *HK$'000*	Long-term bank loans *HK$'000*	Total *HK$'000*
As at 1 January 2010	119,800	1,841,090	1,960,890
Borrowings	36,630	36,660	73,290
Repayments	(36,630)	(61,039)	(97,669)
Exchange adjustments	2,400	8,036	10,436
As at 30 June 2010 (unaudited)	122,200	1,824,747	1,946,947
As at 1 January 2011	109,032	1,842,400	1,951,432
Borrowings	74,168	86,000	160,168
Repayments	(59,334)	(37,421)	(96,755)
Exchange adjustments	4,242	15,150	19,392
As at 30 June 2011 (unaudited)	**128,108**	**1,906,129**	**2,034,237**

18 Share capital

	No. of ordinary shares of HK$0.1 each	*HK$'000*
Authorised:		
As at 1 January and 30 June 2010 and 1 January and 30 June 2011	5,000,000,000	500,000
Issued and fully paid:		
As at 1 January and 30 June 2010 and 1 January and 30 June 2011	3,893,270,558	389,328

19 Pledge of assets

Save as disclosed in Note 15, the Group has no pledge of assets as at 30 June 2011 (31 December 2010: Nil).

20 Contingent liabilities

From 2008 to June 2011, a subsidiary of the Group in Taiwan received revised income tax assessments for the years ended 31 December 2004 to 2008 from the local tax authority, disallowing the deduction of amortisation of intangible assets amounting to approximately NT$663 million (approximately HK$179 million) in total in deriving the assessable profits of the subsidiary. This gave rise to a potential additional income tax liability to the Group of approximately NT$166 million (approximately HK$45 million). The subsidiary duly filed the petitions/appeals to the tax authority and requested for re-examination on the deductibility of the amortisation charge. In 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 December 2010, the subsidiary won the administrative proceedings for the 2004 tax appeal and in January 2011, the tax authority filed a final appeal to the Court for the 2004 revised tax assessment. In June 2011, the subsidiary won the administrative proceedings for the 2005 tax appeal and the tax authority has not yet filed an appeal to the Court at the date of this financial information. Up to the date of this financial information, the final appeal for 2004 and petitions for 2006, 2007 and 2008 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 and 2005 administrative proceedings, 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 2011 would likely be revised on a similar basis. The total incremental tax liability from year 2004 to 30 June 2011 to the Group thereon is approximately NT$245 million (approximately HK$66 million).

21 Commitments

(a) Capital commitments

Save as disclosed in note (b) below, the Group's maximum capital commitments as at 30 June 2011 are as follows:

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Acquisition of/loans to new investments		
– Contracted but not provided for	**226,637**	220,971
Acquisition of fixed assets and other intangible assets		
– Authorised but not contracted for	**85,793**	147,165
	312,430	368,136

(b) Joint venture ("Joint Venture") with Ebay International AG ("eBay")

During the period ended 30 June 2011, additional shareholder's loan of US$1,247,000 (approximately HK$9,724,000) from TOM Online has been advanced to the Joint Venture. Therefore, the outstanding commitment of the Group in respect of the Joint Venture totalled US$9,192,000 (approximately HK$71,700,000) as at 30 June 2011 (31 December 2010: US$10,439,000 or approximately HK$81,424,000). For details, please refer to the Group's 2010 annual report.

22 Related party transactions

A summary of significant related party transactions, in addition to those disclosed in notes 14 and 16 to the condensed consolidated interim financial information, is set out below:

(a) Sales of goods and services

	Unaudited For the six months ended 30 June 2011 HK$'000	2010 HK$'000
Sales to		
– Hutchison Whampoa Limited ("HWL") and its subsidiaries	**15,317**	21,939
– non-controlling interests of subsidiaries and their subsidiaries	**10,268**	5,889

22 Related party transactions (Continued)

(b) Purchase of goods and services

	Unaudited For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Purchase of services payable to		
– non-controlling interests of subsidiaries and their subsidiaries	**6,722**	10,653
Rental payable to		
– an associated company of Cheung Kong (Holdings) Limited ("CKH")	**4,605**	4,420
– a subsidiary of CKH	**4,295**	4,295
– non-controlling interests of subsidiaries and their subsidiaries	**799**	564
Service fees payable to		
– HWL and its subsidiaries	**1,982**	2,282
Interest expenses payable to		
– non-controlling interests of subsidiaries and their subsidiaries	**941**	941

In July 2009, three substantial shareholders of the Company granted guarantees to the Company for loan facilities amounting to HK$1,900 million and guarantee fees were charged by these substantial shareholders. During the period, HK$3,759,000 was paid by the Company (2010: HK$3,600,000).

(c) Key management compensation

During the period ended 30 June 2011, no transactions have been entered into with the directors of the Company (being the key management personnel) other than the emoluments paid to them (being key management personnel compensation) (2010: Nil).

23 Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications have no impact on the Group's total equity as at both 30 June 2011 and 31 December 2010, or on the Group's loss for the periods ended 30 June 2011 and 2010.

24 Approval of interim financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 1 August 2011.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2011, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the shares of the Company

		Number of shares of the Company					
Name of Directors	**Capacity**	**Personal Interests**	**Family Interests**	**Corporate Interests**	**Other Interests**	**Total**	**Approximate percentage of shareholding**
Yeung Kwok Mung	Interest of spouse	–	30,000	–	–	30,000	Below 0.01%
Angela Mak	Beneficial owner	44,000	–	–	–	44,000	Below 0.01%

(b) Rights to acquire shares of the Company

Pursuant to the Old Option Scheme, a Director was granted share options to subscribe for the shares of the Company, details of which as at 30 June 2011 were as follows:

		Number of share options						
Name of Director	**Date of grant**	**Outstanding as at 1 January 2011**	**Exercised during the period**	**Lapsed during the period**	**Cancelled during the period**	**Outstanding as at 30 June 2011**	**Option period**	**Subscription price per share of the Company** *HK$*
Angela Mak	9/10/2003	6,000,000	–	–	–	6,000,000 *(Note)*	9/10/2003 – 8/10/2013	2.505
	Total:	**6,000,000**	**–**	**–**	**–**	**6,000,000**		

Note:

The options have vested in four tranches. The first tranche of 2,700,000 options, the second, third and fourth tranches of 1,100,000 options each have vested on 10 October 2003, 1 January 2004, 1 January 2005 and 1 January 2006 respectively.

Save as disclosed above, during the six months ended 30 June 2011, none of the Directors or chief executive of the Company was granted options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Outstanding Share Options

(a) Old Option Scheme

As at 30 June 2011, options to subscribe for an aggregate of 6,556,000 shares of the Company which were granted to certain Directors, continuous contract employees and ex-employees of the Group were outstanding. Details of the share option movement during the six months ended 30 June 2011 were as follows:

		Number of share options							
	Date of grant	Outstanding as at 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2011	Option period	Subscription price per share of the Company *HK$*
Director *(Note 1)*	9/10/2003	6,000,000	–	–	–	–	6,000,000	9/10/2003 – 8/10/2013	2.505
Employees (including ex-employees)	9/10/2003	976,000	–	–	–	(420,000)	556,000 *(Note 2)*	9/10/2003 – 8/10/2013	2.505
	Total:	**6,976,000**	–	–	–	**(420,000)**	**6,556,000**		

Notes:

1. Details of the options granted to the Director are set out in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

2. (i) For certain grantees, all the options have vested on 10 October 2003.

   (ii) For certain grantees, the options have vested in three tranches. The first tranche of the options has vested on the anniversaries of their respective joining dates with the Group in 2004, the second and third tranches of the options have vested on the anniversaries of their respective joining dates with the Group in 2005 and 2006.

   (iii) For certain grantees, the options have vested in three tranches in the proportion of 1/3:1/3:1/3. The first tranche of the options has vested on the anniversaries of their respective joining dates with the Group in 2004, the second and third tranches of the options have vested on the anniversaries of their respective joining dates with the Group in 2005 and 2006.

(b) New Option Scheme

No option has been granted pursuant to the New Option Scheme since its adoption.

Interests and Short Positions of Shareholders

As at 30 June 2011, the persons or corporations (not being a Director or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

Name	**Capacity**	**No. of shares of the Company held**	**Approximate percentage of shareholding**
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustee Corporation Limited *(as trustee of The Li Ka-Shing Unity Discretionary Trust)*	Trustee & beneficiary of a trust	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustcorp Limited *(as trustee of another discretionary trust)*	Trustee & beneficiary of a trust	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustee Company Limited *(as trustee of The Li Ka-Shing Unity Trust)*	Trustee	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
CKH	Interest of controlled corporations	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) *(Note 1)*	12.23%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) *(Note 1)*	12.23%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) *(Note 1)*	12.23%
Romefield Limited	Beneficial owner	476,341,182 (L) *(Note 1)*	12.23%
HWL	Interest of controlled corporations	952,683,363 (L) *(Note 2)*	24.47%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) *(Note 2)*	24.47%
Easterhouse Limited	Beneficial owner	952,683,363 (L) *(Note 2)*	24.47%
Chau Hoi Shuen	Interest of controlled corporations	993,498,363 (L) *(Notes 3 & 4)*	25.51%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	993,498,363 (L) *(Notes 3 & 4)*	25.51%
Schumann International Limited	Beneficial owner	580,000,000 (L) *(Notes 3 & 4)*	14.90%
Handel International Limited	Beneficial owner	348,000,000 (L) *(Notes 3 & 4)*	8.94%

(L) denotes a long position

Notes:

(1) Romefield Limited is a wholly-owned subsidiary of Sunnylink Enterprises Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Holdings (China) Limited. Cheung Kong Holdings (China) Limited is a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of CKH.

By virtue of the SFO, Cheung Kong Investment Company Limited, Cheung Kong Holdings (China) Limited and Sunnylink Enterprises Limited are all deemed to be interested in the 476,341,182 shares of the Company held by Romefield Limited.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited. Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, together with certain companies which Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 hold units in The Li Ka-Shing Unity Trust.

(2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of HWL. By virtue of the SFO, HWL and Hutchison International Limited are deemed to be interested in the 952,683,363 shares of the Company held by Easterhouse Limited.

In addition, subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL. By virtue of the SFO, Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Li Ka-Shing Unity Trustee Corporation Limited, Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited and CKH are all deemed to be interested in the 476,341,182 shares of the Company and 952,683,363 shares of the Company held by Romefield Limited and Easterhouse Limited respectively.

(3) Schumann International Limited and Handel International Limited are companies controlled by Cranwood Company Limited and Ms. Chau Hoi Shuen is entitled to exercise more than one-third of the voting power at the general meetings of Cranwood Company Limited.

By virtue of the SFO, Cranwood Company Limited is deemed to be interested in the 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Schumann International Limited and Handel International Limited respectively in addition to 65,498,363 shares of the Company held by itself.

By virtue of the SFO, Ms. Chau Hoi Shuen is deemed to be interested in 65,498,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Cranwood Company Limited, Schumann International Limited and Handel International Limited respectively.

(4) Cranwood Company Limited, Schumann International Limited and Handel International Limited have charged 63,004,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company respectively in favour of HWL on 20 July 2009.

Save as disclosed above, as at 30 June 2011, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

Directors' Interests in Competing Business

Mr. Frank Sixt and Mrs. Susan Chow, the non-executive Chairman of the Company and a non-executive Director respectively, are executive directors of HWL, Cheung Kong Infrastructure Holdings Limited ("CKI") and directors of certain of their respective Associates (collectively referred to as "HWL Group" and "CKI Group" respectively). In addition, Mr. Frank Sixt is also a non-executive director of CKH and Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") and director of certain of their Associates (collectively referred to as "CKH Group" and "HTHKH Group" respectively). Mrs. Susan Chow is a non-executive director of HTHKH and director of certain of their Associates. Mr. Edmond Ip, a non-executive Director, is the deputy managing director of CKH, the senior vice president and chief investment officer of CK Life Sciences Int'l., (Holdings) Inc. ("CK Life"), the deputy chairman of CKI and a non-executive director of Excel Technology International Holdings Limited ("Excel Technology"). HWL Group is engaged in telecommunications, e-commerce, Internet and information technology services. CKH Group, CKI Group, CK Life and Excel Technology are engaged in information technology, e-commerce or new technology where applicable. HTHKH Group operates GSM dual-band and 3G mobile telecommunications services in Hong Kong and Macau and provides fixed-line telecommunications services in Hong Kong. The Directors believe that there is a risk that such businesses may compete with those of the Group.

Save as disclosed above, none of the Directors or their respective Associates have any interests in a business which competes or may compete with the business of the Group during the six months ended 30 June 2011.

Audit Committee

The Company has established an audit committee ("Audit Committee") in January 2000. Written terms of reference in compliance with the Listing Rules have been adopted for the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Henry Cheong, Ms. Anna Wu and Mr. James Sha and a non-executive Director, namely, Mrs. Angelina Lee. Mr. Henry Cheong is the chairman of the Audit Committee.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2011 has been reviewed by the Audit Committee.

Code on Corporate Governance Practices

The Company has complied with all the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2011.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2011.

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2011, 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 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)