



TOM Group Limited

TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2383)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

CHAIRMAN'S STATEMENT

The Group's operating environment continued to be challenging in the first half of 2008. Volatile global credit and stock markets combined with domestic inflation risks and natural disasters to dampen consumer sentiment in the Group's core Mainland markets. Nevertheless, the Group has achieved a steady overall operating performance and has continued to innovate and invest in future growth strategies.

For the six months ended 30 June 2008, the Group's financial results saw its operating profit, before one-time non-cash charges increased to HK\$10.28 million from HK\$9.95 million, with our total revenue steady at HK\$1.33 billion versus HK\$1.35 billion, when compared to the same period in 2007. The Group has recognised impairment charges (which do not result in any cash outlay in the current or future periods) totaling HK\$472.03 million in relation to certain intangible assets resulting from certain business related to first generation mobile products and services. After taking into account of these non-cash charges, loss attributable to shareholders reported for the period increased to HK\$547 million or HK14.06 cents per share.

For the wireless business, we have launched new services such as e-book in close cooperation with China Mobile and have seen good growth in users and revenues. The Group has a number of promising new wireless products under development that target new growth areas in the market that are anticipated to develop following the Mainland's recently announced telecommunication restructuring. For the internet business, we have re-launched our portal site as a tool and user-centric open platform and this has resulted in a 300% increase in traffic together with a significant reduction in operating costs. Going forward, we will integrate wireless and internet services to provide a seamless user experience to allow users to access our portal and other popular internet applications quickly and directly from their mobile phones. For the TV and entertainment business, we have formed a joint venture with Joost, a leading global high definition internet TV provider, and we will closely integrate the internet and wireless resources in our TV programming and syndication to create fresh content and advertising solutions, and to expand audience coverage. For the outdoor business, we have restructured our asset base to focus on good quality assets and will focus our investment in premium and exclusive assets to build leadership in our markets. As for the publishing business, we will leverage on the Group's resources in internet and wireless to expand into the arena of digital publishing for the Chinese language market. We will also

continue to closely control operating costs and to build on our successful bestselling book launches in the first half.

The Group's new management leadership has begun to execute a comprehensive realignment and development plan for our businesses.

The Board fully supports the new management leadership of the Group in its endeavours to steer and position the Group towards new growth opportunities by fully developing and utilising our existing unique platform of media assets. The new management leadership target to achieve improved operating and financial performance for the second half and going forward. Last, but not least, I would like to take this opportunity to thank all of the Group's management and staff for their continuing hard work and dedication to the Group.

Frank Sixt
Chairman

Hong Kong, 18 August 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

	For the six months ended	
	30 June 2008 HK\$'000	(as restated) 30 June 2007 HK\$'000
Revenues	1,331,967	1,347,010
Operating profit before one-off/non-cash items*	10,276	9,953
Operating loss after one-off/non-cash items	(515,795)	(62,508)
Loss attributable to shareholders	(547,241)	(84,952)
Loss per share (HK cents)	(14.06)	(2.14)

* before provision for intangible assets of HK\$472 million (2007: HK\$53 million) and exchange loss on bonds of HK\$54 million (2007: HK\$19 million)

The operating profit of the Group, before one-off/non-cash items mentioned below, was HK\$10 million for the six months ended 30 June 2008, an increase of 3% as compared with the same period last year. Taking into account non-cash items of a one-off write-off of impairment of intangible assets of HK\$472 million resulting from certain businesses related to first generation mobile product and services and exchange loss on USD bonds of HK\$54 million, loss attributable to shareholders was HK\$547 million compared to HK\$85 million in last year. The loss per share for the six months was HK14.06 cents.

Financial Performance of the Group

In the first half of 2008, the overall economy was overshadowed by uncertainties. Amid the successive outbreak of natural disasters and regulatory measures on selective industries, corporations in the Mainland were inevitably facing a challenging operation environment. Nevertheless, TOM Group has been able to uphold its overall operating performance with focused efforts to optimise operational platforms and efficiency across various business groups and continue to innovate and invest in strategic priorities and position for growth.

For the six months ended 30 June 2008, the Group's operating profit (before one-off non-cashflow charges) compared to the same period last year, increased by 3.3%, to about \$10.28 million from about HK\$9.95 million, whilst maintaining a stable revenue of about HK\$1,332 million compared to HK\$1,347 million over the same period last year, representing a stable but slight decrease of 1.1%.

Business and Operations Review

INTERNET GROUP – Optimise platform infrastructure and drive innovations

The Internet Group reported revenues of HK\$502 million for the first half of 2008, a drop of 11.1% compared to last year's HK\$565 million as a result of ceasing of some of the lower margin wireless services. Increased operation efficiency as a result of business optimisation drove segment profit up by 106.3% from last year's HK\$10 million to HK\$21 million. Excluding the impact from the privatisation costs recognised in first half 2007 and the increased net

exchange losses recognised during the current year, the segment profit still grew from HK\$33 million in first half 2007 to HK\$51 million in the current period, representing a growth of 55%.

Faced with various market challenges, the Internet Group continues to optimise the operation of the wireless and Internet business during the past 6 months while at the same time drives innovations and provides users with an enhanced online and wireless experience with a more comprehensive range of premium content and quality applications.

For the wireless business, we have launched a series of CRM initiatives on our wireless user base and this has resulted in a 100% increase in marketing hit rates and increased product margin. We have also launched new services such as e-book, Huan Jian Shu Meng (“幻劍書盟”), in close cooperation with China Mobile and has seen good growth in both users and revenues. The restructuring of the telecommunication industry in Mainland China is expected to bring new growth and development to the market. Leveraging on the established platform operations and the substantial user base, the Group will continue to collaborate with operators in the development of more new products and services so as to capture new opportunities.

For the internet business, TOM has re-launched its portal site in early 2008 as a tool and user-centric widgetised open platform. Following the portal re-launch, traffic has increased by over 300% while certain operating costs have been reduced by over 50%. In order to bring the latest technologies and applications onto our open platform and to our users, the Group is lining up a whole range of new tools and application through cooperating with various international and local partners. A joint venture formed in July 2008 together with Joost for the launch of the China Joost platform, a superior quality peer-to-peer web-based TV and video application, marked a significant milestone along this direction.

Going forward, in preparation for the arrival of 3G and “mobile internet” age in the Mainland, we will integrate our wireless and internet services to provide a seamless user experience to allow users to access our portal and internet services quickly and directly from their mobile phones.

For TOM-Skype business, at the end of June 2008, revenue has increased ten folds over the same period last year. TOM-Skype registered users have increased to 69 million, up from 63 million early this year. Value added services will continue to be launched in the near future to leverage on the large user base.

The share of losses of TOM Eachnet was reduced by 18.9% to HK\$44 million in the first half of 2008. This was mainly attributable to the continuous optimisation on operations and effective cost control. The business operation of Eachnet has been growing in a satisfactory pace following the re-launch of our localised platform. During the period, Eachnet has introduced several new and innovative services including the optimised search, overseas buying, seller incubation program and loyalty points. The launch of these services in second quarter has resulted in an average monthly growth of at least 20% for various operating key performance indicators. Going forward, Eachnet will boost its traffic and transaction by continuing to incorporate the latest tools and technologies into its service offerings and expand its distribution channels by leveraging on TOM's various internet and wireless platform infrastructure.

PUBLISHING GROUP – Enhance operation efficiency and explore digital opportunities

The Publishing Group reported revenues of HK\$524 million for the first six months of 2008, a growth of 8.7% over last year's HK\$482 million. Segment operating profit of the publishing group increased by 10.3% to HK\$64 million from HK\$58 million over the same period. However, if comparing last year's segment profit over the same period of HK\$72 million which included one-off gains (such as the gain on disposal of Mingpao shares and write back of

certain over-provisions from past years) totaling HK\$14 million recognised during the first half 2007, with this year's segment profit of HK\$57 million including certain one-off losses of HK\$7 million recognised in the first half 2008, publishing group's segment profit this year fell by 20.9% with these one-off gains and losses included.

The publication market in Taiwan remains difficult and competitive. In particular, the paper cost has risen by over 17.4%, during the six months ended 30 June 2008 compared with the same period in 2007. Nonetheless, the overall performance of Taiwan publishing in the first half was satisfactory given such challenging market condition. Profitability of book publishing continues to improve as a result of the concerted effort by the management to improve the title selection process and quality control. During the first half 2008, the number of new book titles published by Cite increased by 18.3% as compared with the same period in 2007 while total revenue grew by 25.9% to HK\$151 million. The magazine business continued to perform well in the first half of the year, with the number of fixed subscribers increased by about 14.8% and the circulation volume of Business Weekly magazine increased by 18.5% over the same period last year. Advertising revenues of the magazines maintained steady growth at about 13.1% in the first half of the year as compared with the same period in last year.

The drive to improve title selection process and better quality has won Cite numerous best sellers in Taiwan. "Dr. Tom Wu's Principles of Natural Cure" accomplished volume sales of over 500,000 copies while "Be Pride" and "Be Pride 2 – CEO Secret Teachings of Leadership" achieved accumulated sales of more than 170,000 copies. Two illustrated books - "Elephant Boy and Robot Girl" and "The Three Little Friends 2" published by Cite were named among the top 10 best books in the Recommended Books of the "Dr. Book Chart 2007/08" held by the Hong Kong Leisure and Cultural Services Department, while "An Inconvenient Truth" was also awarded the inaugural Hong Kong Book Prize. For cartoons, "Shima Kosaku" by Japanese author Kenshi Hirokan exceeded 800,000 printed copies and "The Drop of God" also hit over 400,000 copies in print. Moreover, Business Weekly, the flagship magazine published by the group in Taiwan won the SOPA Awards for "Excellence in Reporting Breaking News", "Excellence in Feature Writing" and "Excellence in Magazine Design" in 2008.

Pixnet (www.pixnet.com), a leading social networking website in Taiwan has performed well since its acquisition in February 2007. The ranking of Pixnet in terms of traffic in Taiwan has gone up from 59th in 2007 to 14th by the end of June this year since its acquisition by the Group. Page views of the website exceeded 230 million per month while over 60% of blog and photo album visitors re-visited the site within 24 hours, demonstrating high user loyalty. To further improve service quality, Pixnet has upgraded its facility in May to enable users enjoy even speedier access with reduced bandwidth requirement and maintenance costs. Leveraging on the strong technological support and resources from TOM Group, Pixnet will develop more new services to create additional synergies within the publishing group.

The website, www.cite.com.tw operated by the publishing group for online book sales posted revenue growth of over 80% from January to June this year, reflecting the increasing popularity of buying online.

Going forward, as readers turn more and more to internet for information, the Publishing Group will leverage on TOM Group's resources in internet and wireless to expand further into the arena of digital publishing for the Chinese language market while at the same time continue to develop online channels for publication sales.

OUTDOOR MEDIA GROUP – Invest in premium assets to build market leadership

Revenues of the Outdoor Media Group ("OMG") were HK\$224 million for the first six months of 2008, a growth of 5.1% compared to the same period last year's HK\$213 million. Segment loss amounted to HK\$9 million, versus last year's profit of HK\$14 million.

The government authorities in many of the second to third tier cities in China commenced certain city planning restructuring exercises. Furthermore, most of the new media assets are subject to formal auction bidding process, which has increased the overall costs of acquiring outdoor media assets significantly. In addition, the earthquake in Sichuan province during the first half this year has also affected the sales performance in certain cities where OMG operates.

During the reporting period, OMG continued to optimise its media assets portfolio by acquiring premium and higher margin categories in leading second tier cities. In July, OMG has entered into airport media by winning an auction bid for over 140 units of media assets including billboards, unipoles and light boxes in Fuzhou Airport with a total media asset space of over 3,500 square metres.

In the period, billboard and unipole made up 67% of the total media assets of OMG compared with 77% last year, while street furniture and transportation advertising asset made up 26% against last year's 22%, reflecting a more optimised and balanced media portfolio. The average selling price of self-built/leased assets has also rose by 25%.

Going forward, OMG remains focused on sourcing and developing high quality and technology based media products that can further enhance the profit margin of the group as well as to build market leadership while at the same time strengthen its sales network and services committing to offer quality advertising solutions for the customers. OMG will also work closely and strengthen its working relationship with local government authorities in their respective urban planning and city beautification exercise.

TELEVISION AND ENTERTAINMENT GROUP – Creative programming. New distribution channels.

Revenues of the television and entertainment group were HK\$ 82 million, a slight drop of 5.9% as compared to last year's HK\$87 million. Segment loss for the television and entertainment group was HK\$32 million, versus last year's HK\$14 million.

Since late 2007, the landing of signals of CETV in Shenzhen has certain setbacks by which the coverage of CETV in the region was affected. Together with the impact brought on by the natural disasters in China, many advertisers' marketing plans were postponed. Thus, the group's performance in the first six months of 2008 was behind that in the same period last year.

Nevertheless, the group continues to optimise the internal operation infrastructure on one hand, while at the same time, continues to improve the effective coverage. Since mid June, the coverage of CETV in the Southern China region has gradually recovered and it is expected that by the end of this year, this will further improve.

In addition, the group complemented the audience coverage of traditional TV broadcasting of CETV with our latest JV cooperation with Joost, a leading global high definition internet TV. As more and more young people spend significant amount of their time online and online video viewing has taken up a large and ever increasing share of internet traffic, Joost will expand our audience coverage. Through the utilisation of the existing huge user database of TOM Online, the number of Joost viewers in China is expected to multiply quickly. Thus, it will generate more coverage for our TV business, lifting the ratings and expanding the revenue streams. Furthermore, we have also stepped beyond Asia by cooperating with Kylin TV, the first IPTV service provider of Chinese programs in North America, to tap the Chinese online TV market in America and Canada.

The TV & Entertainment Group will continue to strengthen the quality of its programs and content. On one hand, it will keep on sourcing various premier content from overseas market

by cooperating with various overseas partners. On the other hand, tailoring to the latest trend of the audience habit and taste in China, it will increase the local production of unique and creative programs integrating online and wireless elements to create fresh content and innovative advertising solutions by leveraging on TOM resources in online and wireless. These programs will not only meet the enormous market demand of youth in China, but will also be able to generate additional revenue streams from syndications and new media incomes.

YC continues to play a significant role in cross-selling relevant products and services of all of TOM's business groups. Riding on the success of the pioneering "Nokia Experience Van" project since last year, YC has been successful in expanding the event model to other global customers like Pepsi, during the current year.

Business Outlook

Over the years, TOM Group has been successful in building up its valuable business and assets of different media and has created an unique media platform. Despite all the market challenges and the regulatory and administrative restrictions it faces in the industries it operates, TOM Group has held up its overall operating performance and continued to innovate and invest in strategic priorities and position for growth. The Group, in the first half of 2008, under the new management, has been optimising the platform infrastructure, driving operation efficiency, integrating business synergies, and developing new products and services to position the Group for the fast emerging world of media convergence.

The new management of the Group endeavors to steer and position the Company towards the path of new growth from its unique platform of assets and investments and expects that such efforts will reap rewards for the Group.

Liquidity and Financial Resources

As at 30 June 2008, TOM Group had bank and cash balance, including pledged deposits, of approximately HK\$1,185 million and listed debt securities of approximately HK\$941 million. A total of HK\$3,477 million financing facilities from banks were available, of which HK\$2,697 million had been drawn down to finance the Group's acquisitions, capital expenditures and for working capital purposes as at 30 June 2008.

Total borrowings of TOM Group amounted to approximately HK\$2,902 million as at 30 June 2008. This included liability portion of convertible bonds of approximately HK\$205 million, long-term bank and other loans of approximately HK\$552 million and short-term bank and other loans of approximately HK\$2,145 million. The gearing ratio (Debts/Debts + Equity) of TOM Group was 47% as at 30 June 2008, as compared to 53% as at 31 December 2007.

As at 30 June 2008, the Group had net current liabilities of approximately HK\$206 million, as compared with HK\$233 million as at 31 December 2007. As at 30 June 2008, the Group has available unutilised credit facility of approximately HK\$482 million granted by a financial institution with a maturity date in November 2009. The Group can utilise this available facility for settlement of its current liabilities, including the convertible bonds maturity in November 2008, as and when required.

As at 30 June 2008, the current ratio of TOM Group was 0.94 compared to 0.95 as at 31 December 2007.

For the six months of 2008, the Group generated net cash before interest and taxation of HK\$34 million from its operating activities, as compared to approximately HK\$127 million in the same period of 2007.

Charges on Group Assets

As at 30 June 2008, the Group had listed debt securities with a market value of approximately HK\$941 million pledged to banks for securing bank loans and the amount drawn down by the Group was HK\$856 million. In addition, bank deposits, cash and other assets at total net book value of approximately HK\$3 million were pledged to banks for securing banking and other facilities granted to certain subsidiaries and an associate company of the Group.

Foreign Exchange Exposure

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

Contingent Liabilities

As at 30 June 2008, TOM Group had no material contingent liabilities.

Employee Information

As at 30 June 2008, TOM Group had 3,305 full-time employees. During the first six months of the year, employee and stock option costs, including Directors' emoluments, totaled at HK\$309 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2007.

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

		Unaudited	
		Six months ended 30 June	
	Note	2008	2007
		HK\$'000	HK\$'000
			(As restated)
Continuing operations			
Turnover	2	1,331,967	1,347,010
Cost of sales		(882,671)	(877,495)
Selling and marketing expenses		(140,823)	(160,728)
Administrative expenses		(100,539)	(118,177)
Other operating expenses		(213,900)	(154,240)
Provision for impairment of intangible assets	3	(472,029)	(53,283)
Share of losses of jointly controlled entities		(43,824)	(54,030)
Share of profits of associated companies		6,024	8,435
Operating loss	4	(515,795)	(62,508)
Finance costs, net	5	(40,247)	(18,588)
Loss before taxation		(556,042)	(81,096)
Taxation	6	(28,883)	(24,412)
Loss for the period from continuing operations		(584,925)	(105,508)
Discontinued operation			
Loss for the period from discontinued operation	7	-	(1,780)
Loss for the period		(584,925)	(107,288)
Attributable to:			
Minority interests		(37,684)	(22,336)
Equity holders of the Company		(547,241)	(84,952)
Loss per share for loss attributable to the equity holders of the Company during the period	9		
From continuing operations - basic		HK(14.06)cents	HK(2.14)cents
From discontinued operation - basic		-	HK(0.05)cents

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008**

	Note	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		231,612	250,887
Goodwill		3,345,176	3,663,060
Other intangible assets		43,004	60,210
Interests in jointly controlled entities		(139,096)	(86,856)
Interests in associated companies		225,066	233,139
Available-for-sale financial assets		111,606	422,150
Loans and receivables		2,165	2,145
Deferred tax assets		53,086	54,099
Other non-current assets		15,033	15,804
		<u>3,887,652</u>	<u>4,614,638</u>
Current assets			
Available-for-sale financial assets		861,754	1,169,266
Inventories		132,827	126,924
Trade and other receivables	10	1,145,829	1,009,038
Restricted cash		2,716	20,176
Bank balances and cash		1,182,477	1,828,396
		<u>3,325,603</u>	<u>4,153,800</u>
Current liabilities			
Trade and other payables	11	1,127,863	1,147,564
Taxation payable		53,324	56,484
Long-term bank loans - current portion		681,366	466,260
Short-term bank and other loans		1,463,907	2,515,998
Convertible bonds		204,876	200,138
		<u>3,531,336</u>	<u>4,386,444</u>
Net current liabilities		<u>(205,733)</u>	<u>(232,644)</u>
Total assets less current liabilities		<u>3,681,919</u>	<u>4,381,994</u>
Non-current liabilities			
Deferred tax liabilities		18,013	14,632
Other non-current liabilities	12	585,193	868,976
		<u>603,206</u>	<u>883,608</u>
Net assets		<u>3,078,713</u>	<u>3,498,386</u>
EQUITY			
Share capital		389,328	389,328
Reserves	13	2,059,165	2,427,522
Own shares held		(6,244)	(6,244)
Shareholders' funds		<u>2,442,249</u>	<u>2,810,606</u>
Minority interests		636,464	687,780
Total equity		<u>3,078,713</u>	<u>3,498,386</u>

1 Basis of preparation and accounting policies

These unaudited condensed consolidated interim financial statements for the half-year ended 30 June 2008 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

As at 30 June 2008, The Group had net current liabilities of approximately HK\$206 million (31 December 2007: HK\$233 million). In response to the current financial condition, the Group has been exploring various means of obtaining additional financing. Nevertheless, as at 30 June 2008, the Group had available unutilised credit facility of approximately HK\$482 million granted by a financial institution with a maturity date in November 2009. The Group can utilise this available facility for settlement of its current liabilities, including the convertible bonds maturing in November 2008, as and when required. Basing on this and taking into account the expected cash inflow from operations of the Group, the directors believe that the Group has sufficient financial resources to meet its liabilities as and when they fall due for the foreseeable future and the Group will be able to continue as a going concern. Consequently, the accounts have been prepared on a going concern basis.

The accounting policies and methods of computation used in preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007, except for the alignment of accounting policies in respect of available-for-sale debt securities as disclosed in note 13(a) and the adoption of new standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 January 2008. The effect of the adoption of these new standards, amendments and interpretations was not material to the Group's results of operations or financial position.

2 Segment reporting

Primary reporting format - business segments

The Group is organised into the following business segments:

Continuing operations

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

Discontinued operation

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

Since 1 January 2007, Sports Group has ceased to participate in or organise any sports events. Further details of the discontinuation of the Sports Group segment are set out in note 7.

2 Segment reporting (continued)

Primary reporting format - business segments (continued)

The segment results for the six months ended 30 June 2008 are as follows:

	Unaudited Six months ended 30 June 2008						
	Continuing Operations				Discontinued Operation		Total HK\$'000
	Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	Sub-total HK\$'000	Sports Group HK\$'000	
Total gross segment turnover	502,074	524,086	223,984	82,628	1,332,772	-	1,332,772
Inter-segment turnover	-	-	-	(805)	(805)	-	(805)
Turnover	502,074	524,086	223,984	81,823	1,331,967	-	1,331,967
Segment profit/(loss) before amortisation and depreciation	54,998	66,784	9,928	(19,271)	112,439	-	112,439
Amortisation and depreciation	(33,786)	(9,839)	(18,585)	(13,011)	(75,221)	-	(75,221)
Segment profit/(loss)	21,212	56,945	(8,657)	(32,282)	37,218	-	37,218
Provision for impairment of intangible assets	(472,029)	-	-	-	(472,029)	-	(472,029)
Share of losses of jointly controlled entities	(43,824)	-	-	-	(43,824)	-	(43,824)
Share of profits of associated companies	366	5,658	-	-	6,024	-	6,024
Unallocated costs					(43,184)	-	(43,184)
Operating loss					(515,795)	-	(515,795)
Finance costs , net					(40,247)	-	(40,247)
Loss before taxation					(556,042)	-	(556,042)
Taxation					(28,883)	-	(28,883)
Loss for the period					(584,925)	-	(584,925)
Attributable to:							
Minority interests					(37,684)	-	(37,684)
Equity holders of the Company					(547,241)	-	(547,241)
Segment capital expenditure	6,059	6,074	7,958	10,508	30,599	-	30,599
Unallocated capital expenditure							1,564
Total capital expenditure							32,163

2 Segment reporting (continued)

Primary reporting format - business segments (continued)

The segment results for the six months ended 30 June 2007 are as follows:

	Unaudited						
	Six months ended 30 June 2007 (As restated)						
	Continuing Operations				Discontinued Operation		
	Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	Sub-total HK\$'000	Sports Group HK\$'000	Total HK\$'000
Total gross segment turnover	564,859	482,298	212,987	87,942	1,348,086	-	1,348,086
Inter-segment turnover	-	(116)	-	(960)	(1,076)	-	(1,076)
Turnover	564,859	482,182	212,987	86,982	1,347,010	-	1,347,010
Segment profit/(loss) before amortisation and depreciation	52,377	80,857	31,463	1,090	165,787	(1,808)	163,979
Amortisation and depreciation	(42,093)	(8,854)	(17,162)	(14,978)	(83,087)	(48)	(83,135)
Segment profit/(loss)	10,284	72,003	14,301	(13,888)	82,700	(1,856)	80,844
Provision for impairment of intangible assets	(53,283)	-	-	-	(53,283)	-	(53,283)
Share of losses of jointly controlled entities	(54,030)	-	-	-	(54,030)	-	(54,030)
Share of profits of associated companies	229	8,206	-	-	8,435	-	8,435
Unallocated costs					(46,330)	-	(46,330)
Operating loss					(62,508)	(1,856)	(64,364)
Finance costs, net					(18,588)	76	(18,512)
Loss before taxation					(81,096)	(1,780)	(82,876)
Taxation					(24,412)	-	(24,412)
Loss for the period					(105,508)	(1,780)	(107,288)
Attributable to:							
Minority interests					(22,336)	-	(22,336)
Equity holders of the Company					(83,172)	(1,780)	(84,952)
Segment capital expenditure	10,978	3,878	12,292	18,693	45,841	-	45,841
Unallocated capital expenditure							467
Total capital expenditure							46,308

2 Segment reporting (continued)

Secondary reporting format - geographical segments

	Unaudited Turnover					
	<u>Six months ended 30 June 2008</u>			<u>Six months ended 30 June 2007</u>		
	<u>Continuing</u> <u>Operations</u>	<u>Discontinued</u> <u>Operation</u>	<u>Consolidated</u> <u>Total</u>	<u>Continuing</u> <u>Operations</u>	<u>Discontinued</u> <u>Operation</u>	<u>Consolidated</u> <u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	8,661	-	8,661	7,704	-	7,704
Mainland China	809,936	-	809,936	866,819	-	866,819
Taiwan and other Asian countries	513,370	-	513,370	472,487	-	472,487
	<u>1,331,967</u>	<u>-</u>	<u>1,331,967</u>	<u>1,347,010</u>	<u>-</u>	<u>1,347,010</u>

	Unaudited Operating loss					
	<u>Six months ended 30 June 2008</u>			<u>Six months ended 30 June 2007 (As restated)</u>		
	<u>Continuing</u> <u>Operations</u>	<u>Discontinued</u> <u>Operation</u>	<u>Consolidated</u> <u>Total</u>	<u>Continuing</u> <u>Operations</u>	<u>Discontinued</u> <u>Operation</u>	<u>Consolidated</u> <u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	(2,666)	-	(2,666)	(5,547)	-	(5,547)
Mainland China	34,905	-	34,905	84,133	(1,808)	82,325
Taiwan and other Asian countries	80,200	-	80,200	87,201	-	87,201
	<u>112,439</u>	<u>-</u>	<u>112,439</u>	<u>165,787</u>	<u>(1,808)</u>	<u>163,979</u>
Amortisation and depreciation	(75,221)	-	(75,221)	(83,087)	(48)	(83,135)
Provision for impairment of intangible assets	(472,029)	-	(472,029)	(53,283)	-	(53,283)
Share of losses of jointly controlled entities	(43,824)	-	(43,824)	(54,030)	-	(54,030)
Share of profits of associated companies	6,024	-	6,024	8,435	-	8,435
Unallocated costs	(43,184)	-	(43,184)	(46,330)	-	(46,330)
Operating loss	<u>(515,795)</u>	<u>-</u>	<u>(515,795)</u>	<u>(62,508)</u>	<u>(1,856)</u>	<u>(64,364)</u>

3 Provision for impairment of intangible assets

The amount of HK\$472,029,000 in current period represented provision for impairment of certain intangible assets resulting from certain business related to first generation mobile products and services. This mainly included a provision for goodwill on investment in Beijing Bo Xun Rong Tong Information Technology Company Limited ("Beijing Infomax"), which was made with reference to the estimated value of the business.

The amount recorded in the six months ended 30 June 2007 represented a provision of HK\$53,283,000 for the wireless business of the Group, which was made with reference to the estimated value due to the impacts of certain regulations and policies of China Mobile Communications Corporation in PRC.

4 Operating loss

Operating loss is stated after charging / crediting the following:

	Unaudited Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
		(As restated)
Charging:		
<u>Continuing operations</u>		
Depreciation of fixed assets	53,396	60,012
Amortisation of other intangible assets	22,608	24,317
Amortisation of other non-current assets included in interests in associated companies	2,448	2,448
Exchange loss, net	32,096	6,899
	<u> </u>	<u> </u>
<u>Discontinued operation</u>		
Depreciation of fixed assets	-	48
	<u> </u>	<u> </u>
Crediting:		
<u>Continuing operations</u>		
Gain on disposal of available-for-sale financial assets (Note)	-	5,193
Dividend income from available-for-sale financial assets	1,727	-
	<u> </u>	<u> </u>

Note: The amount in the six months ended 30 June 2007 represented a gain on disposal of 12,000,000 ordinary shares of Ming Pao Enterprise Corporation Limited.

5 Finance costs, net

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

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	66,060	63,489
Interest and borrowing costs on convertible bonds	5,240	5,001
Interest on other loans, wholly repayable within five years	1,142	302
	72,442	68,792
Less: Interest income	(32,195)	(50,204)
	40,247	18,588

The interest income of the Group has been reclassified and shown together with finance costs on a net basis in the condensed consolidated profit and loss account for the six months ended 30 June 2008. As a result, corresponding comparative figures have been reclassified to conform to this presentation. This reclassification has no impact on the results for the prior period and current period, or total equity.

6 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the period. Taxation outside Hong Kong has been provided for at the applicable rates on the estimated assessable profits less available tax losses.

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

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
<u>Continuing operations</u>		
Overseas taxation	21,748	25,660
Over-provision in prior years	-	(2,139)
Deferred taxation	7,135	891
	28,883	24,412

7 Discontinued operation

Since 1 January 2007, the Group ceased to participate in any sports related events. During the year 2007, the Group disposed of its 49% equity interest in Beijing China Open Promotion Company Limited ("COL") and 100% equity interests in Champion Will International Limited ("Champion Will") and Swidon Enterprises Limited ("Swidon") for a total consideration of US\$15.5 million (approximately HK\$121 million). COL was mainly engaged in the organisation of the China Open tennis tournament event in Beijing, while Champion Will and Swidon were the holders of the ATP and WTA licences respectively.

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

	Unaudited	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Turnover	-	-
Operating expenses	-	(1,856)
	<u>-</u>	<u>(1,856)</u>
Operating loss	-	(1,856)
Finance income	-	76
Taxation	-	-
	<u>-</u>	<u>-</u>
Loss for the period	<u>-</u>	<u>(1,780)</u>
Attributable to :		
Minority interest	-	-
	<u>-</u>	<u>-</u>
Equity holders of the Company	<u>-</u>	<u>(1,780)</u>

8 Dividend

No dividend has been paid or declared by the Company for the periods ended 30 June 2008 and 2007.

9 Loss per share

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

	Unaudited Six months ended 30 June	
	2008	2007 (As restated)
<u>Loss from continuing operations</u>		
Loss attributable to equity holders of the Company (HK\$'000)	(547,241)	(83,172)
Weighted average number of ordinary shares in issue	3,893,270,558	3,893,270,558
<u>Loss from discontinued operation</u>		
Net loss attributable to equity holders of the Company (HK\$'000)	-	(1,780)
<u>Continuing operations</u>		
Basic loss per share (HK cents per share)	(14.06)	(2.14)
<u>Discontinued operation</u>		
Basic loss per share (HK cents per share)	-	(0.05)

10 Trade and other receivables

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Trade receivables, net of provision	647,701	556,734
Prepayments, deposits and other receivables	498,128	452,304
	<u>1,145,829</u>	<u>1,009,038</u>

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

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
1-30 days	189,439	180,517
31-60 days	179,141	133,840
61-90 days	102,686	72,817
Over 90 days	266,951	256,419
	<u>738,217</u>	<u>643,593</u>
Less: Provision for impairment	(90,516)	(86,859)
	<u>647,701</u>	<u>556,734</u>
Represented by:		
Receivables from related companies	5,258	1,373
Receivables from third parties	642,443	555,361
	<u>647,701</u>	<u>556,734</u>

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

11 Trade and other payables

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Trade payables	291,250	267,926
Other payables and accruals	836,613	879,638
	<u>1,127,863</u>	<u>1,147,564</u>

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

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
1-30 days	98,558	117,373
31-60 days	51,818	46,432
61-90 days	32,145	27,428
Over 90 days	108,729	76,693
	<u>291,250</u>	<u>267,926</u>
Represented by:		
Payable to related companies	3,054	2,747
Payable to third parties	288,196	265,179
	<u>291,250</u>	<u>267,926</u>

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

12 Other non-current liabilities

	Unaudited 30 June 2008 HK\$'000	Audited 31 December 2007 HK\$'000
Non-current portion of long-term bank loans	551,636	837,674
Pension obligations	33,557	31,302
	<u>585,193</u>	<u>868,976</u>

13 Reserves

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Available- for-sale financial assets reserve HK\$'000	Exchange reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2007, as previously reported	3,625,981	114,508	776	111,285	(43,823)	84,077	30,879	(1,379,010)	2,544,673
Opening adjustment (note a)	-	-	-	-	-	31,186	-	(31,186)	-
At 1 January 2007, as restated	3,625,981	114,508	776	111,285	(43,823)	115,263	30,879	(1,410,196)	2,544,673
Investment revaluation surplus	-	-	-	-	8,485	-	-	-	8,485
Reserve realised upon disposal	-	-	-	-	(756)	-	-	-	(756)
Exchange translation differences (restated)	-	-	-	(32)	-	74,803	-	-	74,771
Loss for the period (restated)	-	-	-	-	-	-	-	(84,952)	(84,952)
Employee share option schemes - value of employee services	-	5,209	-	-	-	-	-	-	5,209
At 30 June 2007, as restated	3,625,981	119,717	776	111,253	(36,094)	190,066	30,879	(1,495,148)	2,547,430

13 Reserves (continued)

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Available- for-sale financial assets reserve HK\$'000	Exchange reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2008, as previously reported	3,625,981	38,354	776	123,455	(15,137)	224,347	30,879	(1,601,133)	2,427,522
Opening adjustment (note a)	-	-	-	-	-	64,920	-	(64,920)	-
At 1 January 2008, as restated	3,625,981	38,354	776	123,455	(15,137)	289,267	30,879	(1,666,053)	2,427,522
Investment revaluation surplus	-	-	-	-	5,911	-	-	-	5,911
Exchange translation differences	-	-	-	-	-	172,890	-	-	172,890
Loss for the period	-	-	-	-	-	-	-	(547,241)	(547,241)
Employee share option schemes - value of employee services	-	83	-	-	-	-	-	-	83
At 30 June 2008	3,625,981	38,437	776	123,455	(9,226)	462,157	30,879	(2,213,294)	2,059,165

13 Reserves (continued)

- (a) In prior years, a previously listed subsidiary of the Group, which was required to report under the accounting principles generally accepted in the United States of America, recorded non-cash foreign exchange translation differences arising from its available-for-sale debt securities directly into its reserves. However, the Group is required under the accounting principles generally accepted in Hong Kong to record these non-cash foreign exchange translation differences arising from available-for-sale debt securities in profit and loss account, and accordingly, the comparative figures have been restated to reflect this alignment of accounting policy. After the alignment, there will no longer be any differences in the accounting treatment with respect to these available-for-sale debt securities.

The application of the Group's accounting policy to these non-cash foreign exchange translation differences has no effect on the carrying value of the Group's available-for-sale debt securities, the Group's cash and net asset value position, the Group's shareholders' funds, minority interests and total equity, and the Company's reserves available for distribution calculated under Companies Law of the Cayman Islands as previously reported.

The effects of the restatement on the Group's consolidated accounts for the six month period ended 30 June 2007 and the year ended 31 December 2007 are:

<u>Effect on the Group's total equity as at 1 January 2007</u>	<u>HK\$'000</u>
Increase in exchange reserve	31,186
Decrease in retained earnings / (increase in accumulated losses)	(31,186)
Effect on other reserves	-
Net effect on total equity	-
<u>Effect on the Group's profit and loss account for the six months ended 30 June 2007</u>	
Increase in loss for the period	19,178
(Increase) in loss attributable to minority interests for the period	(6,572)
Increase in loss attributable to equity holders of the Company for the period	12,606
Increase in basic loss per share	
from continuing operations attributable to equity holders of the Company for the period (HK cents)	0.33
from discontinued operation attributable to equity holders of the Company for the period (HK cents)	-
<u>Effect on the Group's total equity as at 30 June 2007</u>	
Increase in exchange reserve	43,792
Decrease in retained earnings / (increase in accumulated losses)	(43,792)
Effect on other reserves	-
Net effect on total equity	-

13 Reserves (continued)

(a) (continued)

<u>Effect on the Group's profit or loss for the year ended 31 December 2007</u>	HK\$'000
Increase in loss for the year	45,581
<i>(Increase) in loss attributable to minority interests for the year</i>	<u>(11,847)</u>
<i>Increase in loss attributable to equity holders of the Company for the year</i>	<u>33,734</u>
Increase in basic loss per share	
<i>from continuing operations attributable to equity holders of the Company for the year (HK cents)</i>	0.86
<i>from discontinued operation attributable to equity holders of the Company for the year (HK cents)</i>	-
<u>Effect on the Group's total equity as at 31 December 2007</u>	
Increase in exchange reserve	64,920
Decrease in retained earnings / (increase in accumulated losses)	(64,920)
Effect on other reserves	<u>-</u>
Net effect on total equity	<u><u>-</u></u>

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

GENERAL INFORMATION

The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2008 have been reviewed by the Company's auditor, PricewaterhouseCoopers, 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. The auditor's independent review report will be included in the Interim Report to shareholders. The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2008 have also been reviewed by the Audit Committee of the Company.

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

Executive Directors:

*Mr. Wang Lei Lei
(Deputy Chairman)
Mr. Yeung Kwok Mung
Ms. Angela Mak*

Non-executive Directors:

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

Independent non-executive Directors:

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

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*