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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 2013

CHAIRMAN'S STATEMENT

I am pleased to announce the results of TOM Group Limited ("TOM" or "the Company") and its subsidiaries (collectively referred to as the "TOM Group" or the "Group") for the six months ended 30 June 2013.

For the six months ended June 30, TOM reported revenues of HK$975 million and operating loss of HK$86 million. Loss attributable to shareholders was HK$113 million and loss per share was HK cents 2.91.

During the period, the Mobile Internet Group continued to develop and introduce mobile applications and services to tap into the growth momentum of China's mobile market. Our vertical social platforms, which offer game and music services, reported continued growth in both the number of downloads and users. These new generation high margin services partially offset the revenue decline of the traditional 2.5G wireless value-added services. The Mobile Internet Group reported revenues of HK$207 million. Segment loss amounted to HK$19 million.

The E-Commerce Group continued to deliver solid operating results and gain customer loyalty, establishing a strong position in the rapidly developing China e-commerce market. The Ule joint-venture reported a gross merchandise value amounted to RMB517 million in the reporting period, representing a 107% increase from a year earlier. In the second half this year, Ule will introduce a series of innovative marketing campaigns to further drive sales.

The Publishing Group maintained its revenue level for the reporting period at HK$485 million and segment profit of HK$35 million. The Group remained a market leader in both traditional and digital publishing in the Greater China market. During the reporting period, Cite Media Group continued to invest in digital publishing with promising results. Pixnet ranked the first among Taiwan's social media network portals with registered users surged 31%.

* *for identification purpose*

The Outdoor Media Group saw 6% increase in revenues compared to the previous year as the Group continued to upgrade its media assets. Occupancy rate stood at about 70%.

The TV & Entertainment Group saw a 5% growth in revenue year on year, with segment loss reduced significantly by 50% from a year earlier.

For the remaining of the year, TOM Group will continue to focus on financial and operational management to boost efficiency, and to extend its alliance with industry partners on services and product innovations. Barring the economic uncertainties, the Group is expected to show further improvement in operating performance in the second half.

I would like to take this opportunity to thank all the Group's management and staff for their continuing hard work and dedication. On behalf of the Board of Directors, I would like to express our sincere gratitude to Ms Anna Wu for her contributions during her service as an Independent Non-Executive Director of the Group. I would also like to add a warm welcome to Mr. Albert Ip, who has joined our Board as an Independent Non-Executive Director and a member of our Board's Audit Committee and Remuneration Committee with effect from 24 June 2013.

Frank Sixt
Chairman

Hong Kong, 29 July 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June 2013	30 June 2012
	HK$'000	HK$'000
Revenue	**975,106**	1,133,855
Operating loss#	**(85,823)**	(52,049)
Loss attributable to equity holders of the Company	**(113,465)**	(101,847)
Loss per share (HK cents)	**(2.91)**	(2.62)

Including share of results of associated companies and jointly controlled entities

Business Review

E-Commerce - Ule taps the growing trend of China e-commerce sector

Ule (www.ule.com), the e-commerce joint venture with China Post Group, has been outperforming the market since its debut in August 2010 with triple-digit growth in transaction value in the past three years. During the reporting period, Ule's gross merchandise value grew more than double to RMB 517 million in the first six months this year. Average order per transaction jumped 31% to RMB 432, doubled the industry standard.

The Chinese government's latest policy of boosting domestic consumption and e-commerce industry will benefit Ule's business growth. Currently, Chinese e-commerce market only accounted for 7.4% of the nation's domestic consumption, the potential of more than 90% offline consumption has yet to be unleashed. In addition, the rising smartphone penetration will drive the rapid growth in mobile commerce. Mobile commerce market grew more than 2 times to RMB 26.6 billion in the first quarter of 2013. Leveraging on China Post's nation-wide offline resources, and the Group's rich experiences in China's mobile Internet sector with diversified sales channels, Ule is in the best position to tap the offline and mobile commerce market with huge growth potential, and aiming to become one of the top-10 players in the China's B2C e-commerce market.

Ule has deepened its collaboration with the provincial post offices across the nation and launched a total 31 online provincial zones last year to bring wide-range of provincial products to users. It also partnered with Australia Post Office and New Zealand Post Office to enrich overseas product offerings.

Ule will establish closer ties with local post offices by implementing "industrial products go rural, provincial products go urban" model, to speed up luring merchants to enrich product offerings. The increased collaboration with rural post offices should help Ule to explore new opportunities in the currently underserved rural e-commerce market. During the reporting period, Ule offered about 168,000 units of merchandises to users from over 5,000 merchants. The number of product offerings surged more than 5 times in the past 2 years.

Leveraging on China Post's nation-wide logistic and sales network, Ule focuses on serving the nation's consumers who do not shop online. In addition to the 11185 customer hotline, there are more than 50,000 post offices and 20,000 postal convenient stations in rural villages of 24 provinces offering over-the-counter services for Ule's users. Ule has established a unique offline to online access platform to tap all potential customers. Ule and China Post also work closely together to promote Ule to offline customers in post offices, and launch nationwide marketing campaign in Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival to boost sales. Moreover, around 6.5 million co-branded debit cards have been issued in collaboration with the Postal Savings Bank, providing strong offline customer base for Ule.

Mobile commerce is the next high growth engine of the nation's e-commerce market. With 1.1 billion mobile phone users in China, of which more than 300 million are 3G users, Ule is ready to tap the strong momentum of mobile commerce by establishing closer ties with handset makers and mobile operators, and using mobile phone as a tool to bring offline shoppers to mobile. Ule's smartphone app enables users to place orders, pay bills, buy tickets and redeem products, laying a solid foundation for Ule's mobile platform.

During the reporting period, Ule's registered users surged 65% to around 3 million, repeated buyers stood at 47% level. Ule's unique merchandise and diversified sales channels are well received by users. According to web information company Alexa Internet Inc, Ule users tend to spend 10 minutes in average on the site. Ule enjoys higher user stickiness with 25% bounce rate in average, lower than industry peers of 30% to 40%. To further enhance service quality, Ule and China Post are planning to establish after-sales offices in Beijing, Shanghai, Fujian, Sichuan and Hebei. In the past 2 years, Ule outperformed the industry in product delivery time and return rate.

Mobile Internet - Revenue rebounded on strong user growth

The Mobile Internet Group continued to benefit from the rising smartphone penetration in China, as well as the increasing adoption of 3G mobile service. During the reporting period, the Group continued investment in its scalable mobile platforms for a wide range of mobile Internet services replacing traditional 2.5G wireless value-added services. Revenue jumped 18% in the reporting period from previous 6 months, demonstrating strong growth momentum.

PK Game, the social game platform, reported a 68% revenue growth in the reporting period from the previous 6 months, thank to the 89% jump in activated users. During the reporting period, 226 games were available for users.

Social music platform 637.FM is recognised as a media platform for record companies and artists in a bid to lure more fans to drive traffic and usage. During the reporting period, 40 record companies, 121 artists and 58 fans groups collaborated with our platform for promotion and hosted 78 activities.

Payment business fueled the growth of Mobile Internet Group with the launch of software development kit (SDK) for mobile application developers running on Android platform, which enables them to bill phone users. During the reporting period, revenue jumped 18% from the previous six months period.

Publishing

The Publishing Group maintained its revenue level for the reporting period, and remained a market leader in both traditional and digital publishing in the Greater China market. During the reporting period, Cite Media Group continued to invest in digital publishing with promising results.

Outdoor Media

The Outdoor Media Group saw revenue growth compared to the previous year as the Group continued to upgrade its media assets.

Television and Entertainment

The TV & Entertainment Group reported an increase in revenue and reduction in segment loss from a year earlier.

The Group will continue to invest in new technology and high value media assets to facilitate the digitalisation and sustainable growth of its traditional businesses including Publishing, Outdoor Media and Television and Entertainment.

Liquidity and Financial Resources

As at 30 June 2013, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK$780 million. A total of HK$2,857 million financing facilities were available, of which HK$2,278 million had been utilised as at 30 June 2013, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$2,278 million as at 30 June 2013. These included long-term bank loans of approximately HK$2,105 million and short-term bank loans of approximately HK$173 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 69% as at 30 June 2013, compared to 66% as at 31 December 2012.

As at 30 June 2013, the Group had net current assets of approximately HK$347 million, compared to balance of approximately HK$400 million as at 31 December 2012. As at 30 June 2013, the current ratio (Current assets/Current liabilities) of TOM Group was 1.26, compared to 1.31 as at 31 December 2012.

For the first six months of 2013, net cash generated from operating activities, before interest and tax payments, amounted to HK$16 million, compared to net cash used of HK$42 million in the same period of 2012. Net cash used in operating activities, inclusive of interest and tax payments, amounted to HK$17 million, compared to HK$74 million in the same period of 2012.

Charges on Group Assets

As at 30 June 2013, the Group had restricted cash amounting to HK$3 million, being bank deposits mainly pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return.

Foreign Exchange Exposure

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

Contingent Liabilities

From 2008 to 2012, a subsidiary of the Group in Taiwan received revised income tax assessments for the years ended 31 December 2004 to 2010 from the local tax authority, disallowing the deduction of amortisation of goodwill amounting to approximately NT$977 million (approximately HK$251 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$232 million (approximately HK$60 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 petitions for 2004 and 2005 revised tax assessments were turned down by the tax authority. The subsidiary duly appealed to the Court in Taiwan and won the tax appeals for these two tax assessments. In 2011, the tax authority filed the final appeals to the Court for the 2004 and 2005 tax assessments. In 2012, the Court decided to revert the 2004 and 2005 tax assessments back for re-trial, on the opinion that appropriate laws and regulations have not been applied for in drawing the conclusion of the original judgement. Following that, the Court has requested the subsidiary and tax authority to provide supplementary information to justify respective position before the re-trials.

Management has discussed the cases with its external tax representative. Based on the consultation, amortisation of goodwill should be tax deductible under the tax rules in Taiwan, management believes that it is still early to draw a conclusion on the 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 2011 to 2013 would likely be revised on a similar basis. The total incremental tax liability in relation to year 2004 to 30 June 2013 to the Group thereon is approximately NT$299 million (approximately HK$77 million).

Employee Information

As at 30 June 2013, TOM Group had approximately 2,800 full-time employees. For the first six months of the year, employee costs, including Directors' emoluments, totalled HK$302 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2012.

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) 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, since the Group has historically reported certain non-GAAP results to investors, it is considered the inclusion of non-GAAP measures provides consistency in the Group's financial reporting.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Unaudited Six months ended 30 June 2013 HK$'000	 2012 HK$'000
Revenue	2	975,106	1,133,855
Cost of sales	3	(701,850)	(830,591)
Selling and marketing expenses	3	(125,021)	(129,882)
Administrative expenses	3	(86,956)	(87,956)
Other operating expenses	3	(157,937)	(158,341)
Other gains, net	3	13,368	13,922
Share of profits less losses of jointly controlled entities		5,591	10,038
Share of profits less losses of associated companies		(8,124)	(3,094)
		(85,823)	(52,049)
Finance income	4	6,878	9,958
Finance costs	4	(32,711)	(33,568)
Finance costs, net	4	(25,833)	(23,610)
Loss before taxation		(111,656)	(75,659)
Taxation	5	(8,973)	(16,514)
Loss for the period		(120,629)	(92,173)
Attributable to:			
- Non-controlling interests		(7,164)	9,674
- Equity holders of the Company		(113,465)	(101,847)
Loss per share attributable to the equity holders of the Company			
Basic and diluted	7	HK(2.91) cents	HK(2.62) cents

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Loss for the period	(120,629)	(92,173)
Items that may be reclassified subsequently to profit or loss		
Revaluation surplus/(deficit) on available-for-sale financial assets, net of tax	111	(224)
Exchange translation differences	34,489	(19,945)
Pension reserve recycled to income statement on disposal of a subsidiary	-	1,612
Other comprehensive income/(expenses) for the period, net of tax	34,600	(18,557)
Total comprehensive expenses for the period	(86,029)	(110,730)
Total comprehensive (expenses)/income for the period attributable to:		
- Non-controlling interests	(8,026)	9,879
- Equity holders of the Company	(78,003)	(120,609)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	Unaudited 30 June 2013 HK$'000	Audited 31 December 2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets		193,945	205,983
Goodwill		2,175,697	2,154,471
Other intangible assets		90,277	92,594
Interests in jointly controlled entities		14,554	8,798
Interests in associated companies		215,236	223,772
Available-for-sale financial assets		20,267	20,546
Advance to an investee company		2,180	2,177
Deferred tax assets		54,017	51,794
Other non-current assets		8,961	12,602
		2,775,134	2,772,737
Current assets			
Inventories		108,975	114,130
Trade and other receivables	8	773,978	784,917
Restricted cash		2,857	2,963
Cash and cash equivalents		780,073	797,115
		1,665,883	1,699,125
Current liabilities			
Trade and other payables	9	1,031,602	1,034,187
Taxation payable		41,887	48,653
Long-term bank loans - current portion		73,359	76,067
Short-term bank loans		172,458	140,389
		1,319,306	1,299,296
Net current assets		346,577	399,829
Total assets less current liabilities		3,121,711	3,172,566
Non-current liabilities			
Deferred tax liabilities		14,494	11,340
Non-current portion of long-term bank loans		2,031,718	1,999,502
Pension obligations		38,955	40,089
		2,085,167	2,050,931
Net assets		1,036,544	1,121,635
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		389,328	389,328
Reserves		338,645	416,648
Own shares held		(6,244)	(6,244)
		721,729	799,732
Non-controlling interests		314,815	321,903
Total equity		1,036,544	1,121,635

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited											
	Attributable to equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2013	389,328	(6,244)	3,625,981	28,021	776	144,464	4,109	731,064	(4,117,767)	799,732	321,903	1,121,635
Comprehensive income:												
Loss for the period	-	-	-	-	-	-	-	-	(113,465)	(113,465)	(7,164)	(120,629)
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets, net of tax	-	-	-	-	-	-	111	-	-	111	-	111
Exchange translation differences	-	-	-	-	-	-	-	35,351	-	35,351	(862)	34,489
Total comprehensive income /(expenses) for the period ended 30 June 2013	-	-	-	-	-	-	111	35,351	(113,465)	(78,003)	(8,026)	(86,029)
Transactions with equity holders:												
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	938	938
Transfer to general reserve	-	-	-	-	-	1,183	-	-	(1,183)	-	-	-
Transactions with equity holders	-	-	-	-	-	1,183	-	-	(1,183)	-	938	938
Balance at 30 June 2013	389,328	(6,244)	3,625,981	28,021	776	145,647	4,220	766,415	(4,232,415)	721,729	314,815	1,036,544

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited											
	Attributable to equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total Equity HK$'000
Balance at 1 January 2012	389,328	(6,244)	3,625,981	26,314	776	139,257	1,548	722,083	(3,772,784)	1,126,259	329,515	1,455,774
Comprehensive income:												
Loss for the period	-	-	-	-	-	-	-	-	(101,847)	(101,847)	9,674	(92,173)
Other comprehensive income:												
Revaluation deficit on available-for-sale financial assets, net of tax	-	-	-	-	-	-	(224)	-	-	(224)	-	(224)
Pension reserve recycled to income statement on disposal of a subsidiary	-	-	-	-	-	-	-	-	1,331	1,331	281	1,612
Exchange translation differences	-	-	-	-	-	-	-	(19,869)	-	(19,869)	(76)	(19,945)
Total comprehensive (expenses)/income for the period ended 30 June 2012	-	-	-	-	-	-	(224)	(19,869)	(100,516)	(120,609)	9,879	(110,730)
Transactions with equity holders:												
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	(85)	(85)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	8,326	8,326
Transactions with equity holders	-	-	-	-	-	-	-	-	-	-	8,241	8,241
Balance at 30 June 2012	389,328	(6,244)	3,625,981	26,314	776	139,257	1,324	702,214	(3,873,300)	1,005,650	347,635	1,353,285

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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

The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in 2012 annual financial statements, except for the adoption of new standards, revised standards and amendments to standards which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2013.

Except as described below, the adoption of these new standards, revised standards and amendments to standards does not have a material impact on the Group's accounting policies.

HKFRS 10 Consolidated Financial Statements and HKAS 27 Separate Financial Statements

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities. HKFRS 10 replaces the parts of previously existing HKAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. HKFRS 10 had no impact on the consolidation of investments held by the Group.

HKFRS 11 Joint Arrangements and HKAS 28 Investment in Associates and Joint Ventures

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers.

Under HKFRS 11 Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Unlike HKAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted. The application of this new standard had no impact on the Group's results of operations or financial position.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted.

1 Basis of preparation and accounting policies (Continued)

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures.

The adoption of HKFRS 13 has impact on the disclosure requirements on the Group's financial statements only.

HKAS 1 Presentation of Items of Other Comprehensive Income – Amendments to HKAS 1

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKAS 19 Employee Benefits (Revised 2011) ("HKAS 19 (2011)")

HKAS 19 (2011) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in OCI and permanently excluded from profit or loss; expected returns on plan assets are no longer recognised in profit or loss and instead, interest on the net defined benefit liability (asset) is in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and unvested past service costs are now recognised in profit or loss in the period and not amortised over the vesting period. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

HKAS 19 (2011) requires retrospective application. The application of this revised standard had no material impact on the Group's results of operations or financial position.

2 Turnover, revenue and segment information

The Group has five reportable segments:

- Mobile Internet Group - provision of mobile Internet services, online advertising, commercial enterprise solutions and online communication services.
- E-Commerce Group – provision of technical services for online trading platform and provision of services to users using the mobile and 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 programmes and provision of media sales, event production and marketing services.

Sales between segments are carried out at arm's length.

2 Turnover, revenue and segment information (continued)

The segment results for the six months ended 30 June 2013 are as follows:

	Unaudited Six months ended 30 June 2013					
	Mobile 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
Gross segment revenue	207,278	2,592	485,047	178,172	102,364	975,453
Inter-segment revenue	-	-	-	-	(347)	(347)
Net revenue from external customers	207,278	2,592	485,047	178,172	102,017	975,106
Segment profit/(loss) before amortisation and depreciation	(12,450)	(34,195)	89,987	8,278	(10,549)	41,071
Amortisation and depreciation	(6,475)	(2,777)	(55,201)	(18,600)	(7,761)	(90,814)
Segment profit/(loss)	(18,925)	(36,972)	34,786	(10,322)	(18,310)	(49,743)
Other material non-cash items:						
Share of profits of jointly controlled entities	-	5,591	-	-	-	5,591
Share of profits less losses of associated companies	283	-	(8,407)	-	-	(8,124)
	283	5,591	(8,407)	-	-	(2,533)
Finance costs:						
Finance income (note a)	5,392	36	11,045	496	52	17,021
Finance expenses (note a)	-	-	(6,050)	-	(11,528)	(17,578)
	5,392	36	4,995	496	(11,476)	(557)
Segment profit/(loss) before taxation	(13,250)	(31,345)	31,374	(9,826)	(29,786)	(52,833)
Unallocated corporate expenses						(58,823)
Loss before taxation						(111,656)
Expenditure for operating segment non-current assets	2,816	269	59,109	6,417	9,407	78,018
Unallocated expenditure for non-current assets						505
Total expenditure for non-current assets						78,523

Note (a): Inter-segment interest income and inter-segment interest expenses amounted to HK$10,658,000 and HK$12,123,000 were included in the finance income and finance expenses respectively.

2 Turnover, revenue and segment information (continued)

The segment results for the six months ended 30 June 2012 are as follows:

	Unaudited Six months ended 30 June 2012					
	Mobile 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
Gross segment revenue	360,992	4,906	503,095	167,930	97,358	1,134,281
Inter-segment revenue	-	-	-	-	(426)	(426)
Net revenue from external customers	360,992	4,906	503,095	167,930	96,932	1,133,855
Segment profit/(loss) before amortisation and depreciation	(5,056)	(31,709)	114,736	17,207	(16,165)	79,013
Amortisation and depreciation	(5,131)	(1,908)	(59,637)	(17,906)	(20,263)	(104,845)
Segment profit/(loss)	(10,187)	(33,617)	55,099	(699)	(36,428)	(25,832)
Other material non-cash items:						
Share of profits less losses of jointly controlled entities	-	10,038	-	-	-	10,038
Share of profits less losses of associated companies	372	-	(3,466)	-	-	(3,094)
	372	10,038	(3,466)	-	-	6,944
Finance costs:						
Finance income (note a)	8,136	13	11,354	592	63	20,158
Finance expenses (note a)	-	-	(6,802)	-	(10,818)	(17,620)
	8,136	13	4,552	592	(10,755)	2,538
Segment profit/(loss) before taxation	(1,679)	(23,566)	56,185	(107)	(47,183)	(16,350)
Unallocated corporate expenses						(59,309)
Loss before taxation						(75,659)
Expenditure for operating segment non-current assets	2,552	7,708	66,426	14,361	23,387	114,434
Unallocated expenditure for non-current assets						216
Total expenditure for non-current assets						114,650

Note (a): Inter-segment interest income and inter-segment interest expenses amounted to HK$10,946,000 and HK$11,386,000 were included in the finance income and finance expenses respectively.

2 Turnover, revenue and segment information (continued)

The segment assets and liabilities at 30 June 2013 are as follows:

	Unaudited As at 30 June 2013					
	Mobile 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	1,952,220	102,435	1,267,067	634,396	200,904	4,157,022
Interests in jointly controlled entities	-	14,554	-	-	-	14,554
Interests in associated companies	5,121	-	210,115	-	-	215,236
Unallocated assets						54,205
Total assets						4,441,017
Segment liabilities	279,818	39,268	373,984	179,203	73,524	945,797
Unallocated liabilities:						
Corporate liabilities						124,760
Current taxation						41,887
Deferred taxation						14,494
Borrowings						2,277,535
Total liabilities						3,404,473

2 Turnover, revenue and segment information (continued)

The segment assets and liabilities at 31 December 2012 are as follows:

	Audited As at 31 December 2012					
	Mobile 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	1,946,925	99,041	1,292,710	638,636	173,395	4,150,707
Interests in jointly controlled entities	-	8,798	-	-	-	8,798
Interests in associated companies	4,804	-	218,968	-	-	223,772
Unallocated assets						88,585
Total assets						4,471,862
Segment liabilities	256,454	32,463	416,672	185,515	65,326	956,430
Unallocated liabilities:						
Corporate liabilities						117,846
Current taxation						48,653
Deferred taxation						11,340
Borrowings						2,215,958
Total liabilities						3,350,227

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.

3 Operating loss

Operating loss is stated after charging/crediting the following:

	Unaudited Six months ended 30 June 2013 HK$'000	2012 HK$'000
Charging:		
Depreciation of fixed assets	34,151	28,238
Amortisation of other intangible assets	56,974	77,125
Amortisation of other intangible assets included in interests in associated companies	1,356	1,356
Loss on disposal of fixed assets	49	-
Crediting:		
Exchange gains, net	13,085	9,678
Gain on disposal of subsidiaries	-	3,745
Dividend income from available-for-sale financial assets	332	466
Gain on disposal of fixed assets	-	33

4 Finance costs, net

	Unaudited Six months ended 30 June 2013 HK$'000	2012 HK$'000
Interest and borrowing costs on bank loans	31,773	32,625
Interest on other loans	938	943
	32,711	33,568
Less: Bank interest income	(6,878)	(9,958)
	25,833	23,610

5 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 2013 HK$'000	2012 HK$'000
Overseas taxation	10,569	14,481
(Over)/under-provision in prior years	(1,793)	2,103
Deferred taxation	197	(70)
Taxation charge	8,973	16,514

6 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2013 (2012: Nil).

7 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$113,465,000 (2012: HK$101,847,000) and the weighted average of 3,893,270,558 (2012: 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 2013 as the exercise price of the outstanding share options granted by the Company are higher than the average market price of the share of the Company (2012: Same).

8 Trade and other receivables

	Unaudited 30 June 2013 HK$'000	Audited 31 December 2012 HK$'000
Trade receivables	501,535	528,297
Prepayments, deposits and other receivables	272,443	256,620
	773,978	784,917

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 90 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

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

	Unaudited 30 June 2013 HK$'000	Audited 31 December 2012 HK$'000
Current	127,351	125,876
31-60 days	128,409	120,174
61-90 days	86,670	87,012
Over 90 days	252,958	287,190
	595,388	620,252
Less: Provision for impairment	(93,853)	(91,955)
	501,535	528,297

9 Trade and other payables

	Unaudited 30 June 2013 HK$'000	Audited 31 December 2012 HK$'000
Trade payables	339,403	340,562
Other payables and accruals	692,199	693,625
	1,031,602	1,034,187

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 2013 HK$'000	Audited 31 December 2012 HK$'000
Current	63,450	86,490
31-60 days	38,504	67,013
61-90 days	47,740	31,440
Over 90 days	189,709	155,619
	339,403	340,562

CORPORATE GOVERNANCE CODE ("Code")

The Company has complied with all the code provisions of the Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2013, save and except Code Provision A.5 of the Code.

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for the Directors.

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 as the Group's code of conduct regarding Directors' securities transactions. In response to specific enquiry made with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the period.

GENERAL INFORMATION

The unaudited condensed consolidated interim financial information of the Company and its subsidiary companies for the six months ended 30 June 2013 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 interim financial information of the Company and its subsidiary companies for the six months ended 30 June 2013 have been reviewed by the Audit Committee of the Company.

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

Executive Directors:
Mr. Yeung Kwok Mung
Ms. Angela Mak

Non-executive Directors:
Mr. Frank Sixt (Chairman)
Ms. Debbie Chang
Mr. Edmond Ip
Mrs. Angelina Lee

Independent Non-executive Directors:
Mr. Henry Cheong
Mr. James Sha
Mr. Albert Ip

Alternate Directors:
Mrs. Chow Woo Mo Fong, Susan
(Alternate to Mr. Frank Sixt)
Mr. Francis Meehan
(Alternate to each of Mr. Frank Sixt,
Ms. Debbie Chang and Mr. Edmond Ip)