



TOM Group Limited
An associate of Hutchison Whampoa Limited
TOM 集團有限公司
和記黃埔有限公司聯營機構

Press Release 新聞稿

TOM Group reported improved performance in the first half with investments in growth areas

Hong Kong, 3 August 2010 - TOM Group Limited (HKEx: 2383, "TOM Group" or "the Group"), the Chinese-language media conglomerate in Greater China, today announced its interim results for the period ending 30 June 2010.

Mr. Ken Yeung, Chief Executive Officer and Executive Director said, "Over the last two years, TOM has been striving for organic growth, offering an operator and device agnostic platform, and providing unique product and service offerings in e-commerce, 3G mobile internet and digital publishing etc. The Group's operation is in a healthy position. Amid ongoing allocation of resources for innovative technology and applications, EBITDA continued to grow significantly and reached HK\$76 million in the first half of the year, nearly a double year on year."

"Despite the tightened regulatory environment pertaining to the telecommunication and internet sectors, the Internet Group posted a year-on-year growth of 8% in revenues. The Group has entered into a joint venture agreement with China Post to launch an integrated B2C shopping platform "Ule" (www.ule.com.cn). To be owned as to 49% and 51% by TOM and China Post respectively, Ule has been scheduled for online and offline launch simultaneously in early August 2010. The service network of China Post penetrates into distant rural villages, with 46,000 post office locations and 150,000 postmen. Riding on its extensive and ubiquitous delivery capabilities, and its wealth of resources including 36,000 banking points, China Post will support Ule's provision of offline sales channel, warehousing, logistic supports and fulfillment services, with a view to fulfill the nation's call for secured and reliable online shopping. After its online launch, Ule will commence to offer offline catalogue services, coupled by the phone-order service hotline 11185 and Ule gift cards that will be issued and made sold nationwide via China Post counters. In support of such a venture, TOM will allocate resources at the value of RMB200 million towards the marketing of Ule, and will provide exclusive technology service."

"On the online sports front, the Group continued to expand its basketball offerings. Our interactive basketball platform in conjunction with the Chinese Basketball Association for the youth, Uhoop (www.uhoop.cn), is establishing as an integrated online basketball platform to converge educational and informative contents from all over the world. To-date, Uhoop has already acquired over a million of loyal basketball fans. In addition, a TV programme of the same title is shown in the Air Classroom Channel of China Education TV, reaching the students and teachers in more than 300,000 rural elementary and high schools. Our sports and leisure portal TOM Sharkwave (www.shawei.com) reported significant growth in average monthly page views

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by the end of June, up by 61% against the end of last year. "

"Our interactive health service platform Dietmama (www.dietmama.com), jointly launched with Guangdong General Hospital, features one of the most comprehensive online databases on the calorie information on Chinese diet. Within a few weeks of its beta launch, it has acquired over 65,000 active users. In the second half of the year, Dietmama will cooperate with more partners with a view to provide users with professional, accurate and useful information on health and diet, via a range of interactive and social networking features in multiple languages."

"The Publishing Group strived to serve readers with a more comprehensive range of digital and traditional publishing services, accordingly there were 18% and 8% year-on-year growth in revenues from digital and traditional publishing respectively. The division posted satisfactory profit, which was up by 60%. Cité became the industry pioneer in Taiwan with the simultaneous publication of its book title in digital copies and paper. Besides mobile reading services which enable users with iPhones and Android mobile to download Cité's magazines for free, the Group also launched more than 30 websites to cover diversified topics such as education, home decor and travel etc. Our flagship magazine in Taiwan, *Business Weekly*, posted exceptional results with advertising revenues leaped by 46% year on year."

"The outdoor media division further optimized efficiency of operation and continued to develop technology-oriented products. Operating costs reduced by 28% during the period. Occupancy rate of our media assets rose by 10%-point, whilst average selling price per square metre increased by 5% as compared to last year. To strengthen its media buying offerings, TOM has entered into strategic cooperation with Shanghai Media and Entertainment Group. The Group will have an additional 25,000 square metres, that is, a 16% increase in its portfolio, that can be made available to its advertisers by October. These assets included billboards, uni-poles and light boxes located on major freeways, express stations and in the compartments of express trains. It is expected that such expanded portfolio will generate income in the second half of the year. TOM will continue invest in quality new media assets to drive further growth of outdoor media business."

"As a result of the TV & Entertainment Team's strategy in investing in quality programmes, its segment revenue rose by 38% to HK\$102 million. CETV's prime time ratings in Guangzhou were up by 22% over last December and ratings in Shenzhen were doubled. Programme portfolio of CETV saw growth by 31% as compared to the previous year, self-production increased by 67% and during the period saw syndication income increased by five fold. CETV will strive for further improvement in ratings through provision of premium contents, and will strengthen its syndication business in order to drive income growth."

Going forward, Mr. Yeung said, "As a result of our Team's steadfast effort, the Group is all set ready to tap on the convergence of traditional and new media, and launch technology and applications that align with market demands. Moving on to the second half of the year, TOM will continue to deliver innovative service offerings over its operator and device agnostic platform."



For instance, we will cooperate with industry partners to work on music and communication applications for smart-phone users. By adding value to both clients and users, TOM is poised for further growth in business."

Financial Highlights

- Group revenues were HK\$1,240 million
- EBITDA* was HK\$75.70 million
- Operating loss[#] (excluding one-off/non-cash items)* was HK\$7.13 million
- Net loss attributable to shareholders was HK\$66.11 million
- Loss per share was 1.70 HK cents

	For the year ended 30 Jun	
	2010	2009
	HK\$'000	HK\$'000
Revenues	1,243,826	1,192,708
EBITDA	75,703	40,012
Operating loss [#] (excluding one-off/non-cash items)*	(7,131)	(42,152)
Net (loss)/profit attributable to shareholders	(66,106)	11,665
(Loss)/earnings per share (HK cents)	(1.70)	0.30

Including share of results of associated companies and jointly controlled entities

** Before gain on acquisition of additional interests in a subsidiary and provision for impairment of goodwill and other assets*

Business Review

Internet – Revenues increase by 8% with commitment to pushing forward B2C e-commerce and 3G mobile internet

In the first half of the year, the tightened regulatory environment pertaining to the telecommunication and internet sectors in Mainland China continued to affect the Internet Group's service income and revenues. However, TOM was able to maintain its leading position in the industry through disciplined operation and provision of quality services. With a view to capture opportunities in the emerging 3G mobile internet markets, the Group strived to offer an operator and device agnostic platform, and introduced an array of innovative service offerings by leveraging on its unique media resources and partnership network, wealth of online technology and operating experience. In the review period, the Internet Group posted revenues of HK\$63 million, an increase of 8% as compared to the same period last year. Segment profit amounted to HK\$19 million.



Continued growth in online sports communities

With the view to provide its sports fans with unparalleled online and wireless seamless experience, TOM developed an unmatched and integrated sports platform which through its cooperation with leading local and overseas partners, provides unique content, innovative and interactive community services.

TOM Sharkwave (www.shawei.com), a sports and leisure portal, was very popular among users. By the end of June, its average monthly page views saw a significant 61% growth as against the end of last year. The Group also continued to expand into the basketball arena. TOM, in conjunction with the Chinese Basketball Association, launched an interactive basketball platform, Uhoop (www.uhoop.cn), which offers an online platform for young fans all over the world. Its success rides on not only as a leading online community, but also an education and information platform for basketball fans. To-date, Uhoop has already acquired over a million of loyal basketball fans. In addition, a TV programme of the same title is shown in the Air Classroom Channel of China Education TV, reaching the students and teachers in more than 300,000 rural elementary and high schools.

In addition, TOM extended its offerings to cover personal health. TOM, together with Guangdong General Hospital, jointly introduced a new interactive health product Dietmama (www.dietmama.com) featuring one of the most comprehensive online databases on the calorie information on Chinese diet. Its beta launch has been met with overwhelming response. Within a few weeks, it has acquired over 65,000 active users. In the second half of the year, Dietmama will cooperate with more partners with the view to provide users with a variety of multi-language mobile applications, online consultation, social networking functions and an array of health information.

Ule – integrated online, wireless and offline shopping platform

In early August 2010, TOM entered into a joint venture agreement with China Post. China Post has an extensive network, penetrating into distant rural villages, with 46,000 post office locations, 150,000 postmen and 36,000 banking points. In support of such a venture, TOM will allocate resources at the value of RMB200 million (approximately HK\$228 million) towards the marketing of the integrated B2C shopping platform Ule (www.ule.com.cn).

Pursuant to the agreement, the joint venture company will be owned as to 49% and 51% by TOM and China Post respectively. China Post will provide offline sales channel, warehousing, logistic supports and fulfillment, while TOM will be the exclusive technology service provider.

Ule will contribute in fulfilling the nation's call for secured and reliable online shopping. It is a unique shopping platform with product ranges including fashion, home goods, sports & outdoor goods, handbags & shoes, healthcare and personal care products etc. Since its beta launch in October 2009, Ule has attracted over a thousand well-known local and international merchants such as Shiseido, Avon, LG, Samsung and Giordano.

The official launch of Ule has been scheduled in early August. After the online launch, Ule will commence to offer offline catalogue services, over-the-counter sales services will initially be



made available at over a thousand China Post counters across 18 cities in Henan Province. To promote more convenience to buyers, Ule will be able to take orders over its phone-order service hotline 11185 and Ule gift cards will be issued and be made sold nationwide via China Post counters. Leveraging on China Post's extensive network and TOM's vast experience in online technology and network, Ule is poised to become a sizeable and trustworthy interactive shopping platform offering an unparalleled fun shopping experience anytime anywhere. Ule will continue to enrich its product range by including more renowned local and international premium brands, attracting a variety of quality and authentic products.

Publishing – Segment profit surges by 60% and digital publishing gets a boost

Following the rebound in the advertising market on the back of the gradual global recovery, the Publishing Group reported significant improvement in its financial performance in the first six months. Growth in the Group's digital and traditional publication were comparable as readers were offered a more comprehensive range of services, accordingly there were 18% and 8% year-on-year growth in revenues from digital and traditional publishing respectively. The division posted profit amounting to HK\$52 million, up by 60%. Revenues increased by 9% to HK\$439 million. In an effort to meet the increasing market demand for digital content, simultaneous with the speeding up of its development of digital publishing and related applications, the Group also further expanded its distribution channels to online platforms.

Advertising revenues at *Business Weekly* jump by 46%

The Group's flagship magazine in Taiwan, *Business Weekly*, posted exceptional results for the first half of the year, with advertising revenues leaped by 46% year on year, average selling price per page increased by 14%, and advertisement pages surged by 26%. According to a survey conducted by media research company AC Nielsen, *Business Weekly* remained the leadership position among its peer competitors in the first quarter. Despite facing fierce competition from e-books, the Group's overall book sales posted steady growth of 5%.

Pioneering in offering simultaneous digital and paper publications

Cité became the industry pioneer in Taiwan with the simultaneous publication of digital and print version of its book title *Self-Proud 4: Be A Wise Man with A Kind Heart*, which was simultaneously made available in paper, digital copies for mobile phones, e-reading devices and personal computers. Cité publishes more than ten new books and magazines on a monthly basis, being made available in paper copies as well as digital format, which are sold on its online platform, Cité Reading Club (www.cite.com.tw/ebook.php) as well as other distribution channels. To-date, more than 220 e-books have been made available on the Online Reading Club. Cité will continue to expand the accessibility of its traditional and digital publications offering its readers with a wider choice.

Digitization projects and websites enrich online reading experience

Cité's original content creation online platform POPO (www.popo.tw), being the first of its kind in Taiwan, is a platform whereby consumers can read and transact user generated original content. This platform has been well received since its launch in December 2009, and has to date aggregated about 1,500 authors, offering about 2,000 titles. Its mobile reading service launched



earlier this year was also met with overwhelming response. Users with iPhones and Android mobile users are able to download Cité's magazines for free. The average number of monthly downloads doubled from January to May, reflecting the increasing popularity of e-books.

In response to the consumer's increasing habit towards online and interactive reading, Sharp Point leveraged its strengths and resources in the production of publications on leisure and popular culture, launched more websites that provide know-how classes. In this connection, in addition to the Comic Star (www.comicstar.com.tw), a website which provides educational information to users interested in comic creation, in July this year, Sharp Point launched DC Player (www.dcplayer.com.tw), a website that targets at photography audience, offering photography related information. In addition, *Cool* magazine will in mid-August launch an online extension to its magazine, providing a discussion forum for up and coming designers in Taiwan and promoting sales of their new products. Cité has from time to time launched a series of new websites such as www.faces.com.tw (detective story collection), www.naturesys.com/bird (bird pictorials), www.pchomekids.com.tw (e-learning platform for children), www.wowlavie.com (architecture and home decor merchandise) and www.iwatchhome.net (watch reviews). To-date, the Group has launched some 30 websites covering a diversified scope of topics such as education, home decor and travel.

As the Publishing Group's digital publishing strategy is in line with the Taiwan government's promotion of its cultural industry campaign, such projects obtained governmental support. The Industrial Development Bureau and Department of Commerce under the Ministry of Economic Affairs has granted subsidies totaling NT\$35 million in support of the development of Comic Star, POPO, Tripass and Mombaby websites.

Cité's Gurubear child e-reading platform (www.gurubear.com.cn), which offers online and offline reading services for children and their parents, is well received in the Mainland China. As at end of July, five Gurubear storybook houses which offer online and offline reading services have been set up in Beijing, Guiyang, Wuhan and Chongqing. It is expected that two more storybook houses will commence operation from August this year.

Publications successful in sales and reviews

The Publishing Group's good track record of selecting successful titles and quality control has been recognised amongst its industry peers. The novel *Whale Girl and Pond Boy* was one of the top three bestselling titles on chart of an online bookstore Kingstone within the first week of its launch and by the end of June, total sales of the book exceeded 30,000 copies. The book has been licensed for the making of a drama in the Mainland China. *Twilight*, published by Sharp Point continued to be a bestseller and by end of June, total sales volume exceeded one million copies in Taiwan. Pursuant to an exclusive cooperation with Chunghwa Telecom Hami, a digital version of novel was launched for worldwide distribution. One of Sharp Point's comic publications, *The Drop of God*, to date achieved record sales of 950,000 copies. Cité's titles 《拉丁美洲真相之路》 (translated title: *Latin America – A Journey to the Truth*) and *The Lying Carpet* were awarded "The 3rd Hong Kong Book Prize", by Radio Television Hong Kong, the Leisure and Cultural Services Department, Hong Kong Public Libraries and Hong Kong Publishing Federation. Furthermore, *Business Weekly* was also awarded an Honourable Mention of "Excellence in Reporting Breaking News" by the Society of Publishers in the Asia 2010 Awards for Editorial



Excellence.

CUP, a magazine which targets sophisticated readers in Hong Kong, has been published by the Group for over eight years, has to date published 100 monthly editions. Digital versions of this magazine, and that of its sister magazine *AV Magazine*, an audio visual product magazine, expanded into the Taiwan market during the year via distribution on Taiwan's online bookstore Kingstone.

Outdoor Media – Growth through quality new media assets

The outdoor media division further optimized efficiency of operation and continued to develop technology-oriented products. Operating costs reduced by 28% in the review period. Occupancy rate of the media assets rose by 10%-point year-on-year, whilst average selling price per square metre increased by 5% as compared to the previous year. Segment loss in the first six months of the year reduced considerably by 30% to HK\$10 million, with revenues amounting to HK\$140 million.

Strategic cooperation with Shanghai Media and Entertainment Group

To strengthen its media buying offerings, in May 2010, Outdoor Media Group ("OMG") entered into strategic alliance with the outdoor media arm of Shanghai Media and Entertainment Group (SMEG) under which it was appointed as one of its advertising agent for its major outdoor media assets in Shanghai. The media includes billboards, uni-poles and light boxes located on major highways, express stations and in the compartments of express trains. As a result, OMG now has an additional 25,000 square metres, that is, a 16% increase in its portfolio, available to its advertisers, and is expected to bring in additional revenue in the second half of the year. TOM will continue invest in quality new media assets to drive further growth of outdoor media business.

TV & Entertainment – Brand enhancement from premium contents and improved ratings

CETV, under the TV & Entertainment segment, had strived to become a premium entertainment brand. During the review period, the channel continued to enrich its high-end programme offerings, particularly by adding to it trendy programmes and talk shows. Through the diversified product offerings, it was able to expand its customers' network, increase interaction with local and international institutions and attract quality customers. At the same time, it was able to source and broadcast first-runs or exclusive premieres of popular dramas, attracting men and women audiences in the cities, thus successfully boosted its channel ratings during the period. For the first half of the year, as a result of the TV & Entertainment Team's strategy in investing in quality programmes, its segment revenues rose by 38% to HK\$102 million. Programme portfolio of CETV saw growth by 31% as compared to the previous year, self-production increased by 67% and during the period saw syndication income increased by five-fold.

Programme range broadened, featuring talk shows, fashion, health and music



The new season of the popular talk show *CEO Interview* opened in May. In addition to having Greater China's up and coming leaders as guests sharing their wisdom and life experiences, it had new guests hosts, namely Wenny Wang, CEO of Business Weekly Media Group and Derek Yeung, co-founder and CEO of she.com, a trendy women's portal in Hong Kong. The variety and broadening the content of the talk show were enhanced.

The CETV team's creativity in customising programmes provided not only entertainment for audiences, but also helped build the brand for clients, leading to a win-win situation for both its audiences and clients. *Trendy Master* is an example of this kind of self-production featuring celebrities and artists who share their views on fashion, cosmetics and fine dining, injecting effective branding into an entertaining programme, appealing to audience with strong spending power and at the same time enhances the image of CETV as a premium entertainment channel.

To broaden its audience demographic, CETV launched new health food and healthcare programmes hosted by celebrities and popular artists. An example of such is *LOHAS Workshop*, hosted by Angel Tong, Chairman of Angel Face Group, the program utilises a simple and fun way to introduce healthy food, fitness, environmental friendly and new trends to audiences. In addition, in late August, a well-known Mainland China artist Allen Lin will be hosting *Lin's Restaurant*, introducing new health and food concepts. Both of these programmes not only cater for the health conscience needs of audiences, but also attract a variety of quality clients in the industries of sauce manufacturing, kitchen appliances and dairy products etc, broadening the cooperation with brand owners.

Premiere dramas boost prime time ratings

CETV has successfully attracted cosmopolitan audiences and boosted channel ratings with the introduction of first-run and premieres of popular Asian dramas. As a result, CETV has extended its prime time period from two hours to three hours. During the review period, CETV has broadcasted Korean's number-one rating romances *Brilliant Legacy* and *STYLE* along with Taiwanese dramas *Autumn's Concerto* and *Down With Love*. All these dramas were well received. Leveraging on the strengths in first-run and premieres, CETV's prime time ratings in Guangzhou were up by 22% over last December and ratings in Shenzhen were doubled.

Outreaching audiences through multiple channels

In addition to traditional TV media, CETV also offered its audience with diversified and interactive services through its official site (www.cetv.com) and mobile client (m.cetv.com), both of which are well received. As at the end of June, the official site has attracted over one million registered users, whilst the mobile client has attracted 300,000 registered users, and the average monthly page views soared by 80% compared with last December. These two channels offered its audiences the ability at all times access to CETV's premium programmes and to participate in the events, providing them with an entertaining experience.

To celebrate its sixth anniversary, CETV held "The 6th Anniversary Ceremony and 2009 CETV Top 10 Asian Star Awards" event at which several celebrities, top artists, cooperative partners and major clients attended. In addition, audiences could utilise the CETV mobile client to vote for their idol celebrities or artists in order to obtain tickets to the event, thereby further raising interaction between TV and online audiences increasing their stickiness and loyalty.



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TOM Group Limited

TOM Group Limited (HKEx stock code: 2383) is listed on The Main Board of the Stock Exchange of Hong Kong. A leading Chinese-language media conglomerate in Greater China, TOM Group has diverse business interests in Internet (TOM Online), Outdoor Media (TOM Outdoor Media Group), Publishing, Television and Entertainment across markets in Mainland China, Taiwan and Hong Kong. In each of the areas it operates, TOM Group has secured market leadership.

The Group was founded in October 1999 as a joint venture between Hutchison Whampoa, Cheung Kong (Holdings) Limited, and other strategic investors. Headquartered in Hong Kong, the Group has regional headquarters in Beijing, Shanghai and Taipei with over 3,100 employees in about 20 cities.

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