

Chairman's Statement

“For the TOM Group, this marks the first set of annual results after the Group's listing was transferred from the GEM Board to the Main Board of the Hong Kong Stock Exchange. I am pleased to announce that the Group has delivered a second full year of profitability.”



In 2004, the Group achieved revenues of HK\$2.6 billion, an increase of 24% compared to the previous year. Group EBITDA increased 35% to HK\$354 million, while profit attributable to shareholders was HK\$860 million compared to HK\$13 million in 2003. Excluding the one-time non-recurring items, the Group achieved profit attributable to shareholders for the year of HK\$129 million, a nine-fold increase.

The year saw growth in revenues and earnings across most divisions and an improvement in the performance of CETV in the first full year under the management of TOM. The year also saw the successful

IPO and dual-listing of the Group's Internet Group, TOM Online Inc. ("TOMO"), on the NASDAQ in the United States and the Growth Enterprise Market in Hong Kong, as well as a return to the pursuit of consolidation initiatives through acquisition.

TOMO continued to deliver strong financial performance throughout the year, recording a 59% growth in revenue compared to the previous year and full year earnings of US\$34 million, a 73% increase over 2003. TOMO has now firmly established itself as the leading wireless Internet service provider, as well as one of the top five Internet portals in Mainland China. TOMO also completed several acquisitions during

the year. The acquisitions of Treasure Base and Whole Win in the second half will enable TOMO to broaden its distribution into television media, as well as consolidate its position in 2.5G mobile telephone products and services. The acquisition of Indiagames will enable TOMO to immediately tap into the global wireless gaming market as well as gain a strategic entry into India. The acquisition of course will also help TOMO to continue to diversify its product portfolio in Mainland China market in the important area of mobile games.

The Outdoor Media Group reported revenues of HK\$369 million, an increase of 24% compared to HK\$298 million in the previous year. With the recently announced acquisitions in Chongqing and Wuhan, the Outdoor Media Group now has 14 subsidiaries operating across Mainland China. Overall, the Outdoor Media Group now operates the largest billboard network in the country with advertising presences in over 50 cities throughout Mainland China.

The Publishing Group delivered strong growth, recording revenues of HK\$910 million, an increase of 18% from HK\$771 million in the previous year. Initiatives to further develop Mainland China market were stepped up and over 400 book and magazine titles were licensed from the Taiwan publishing units in 2004 for distribution in Mainland China. The Popular Computer Week joint venture was formally brought under management in August 2004.

The Sports Group's revenues for the year amounted to HK\$295 million,

an increase of 17% over 2003. In September, the Sports Group successfully held the inaugural China Open tennis tournament, a fully sanctioned ATP and WTA event. The event was held in Beijing and featured top international players including Serena Williams, Maria Sharapova, Marat Safin, Carlos Moya, Juan Carlos Ferrero and Paradorn Srichaphan. The two-week long tournament generated 150 hours of programming, which was broadcast live on CCTV, achieved sell-out capacity at the Men's and Women's Finals, and brought in major sponsors including Avon, Coca-Cola, Lacoste, Rado, HSBC, Panasonic, Sohu, Tsingtao Beer and Mercedes-Benz.

Finally, in the Television and Entertainment Group, CETV was brought fully under the Group's management. Revenues of the Television and Entertainment Group for the year was HK\$32 million. Excluding the one-time restructuring charges, CETV reported a net loss of HK\$88 million for 2004, representing a reduction of 32% compared to its net loss in the previous year of HK\$130 million. Management believes that this performance has put CETV on the right track towards achieving its original target of becoming earnings breakeven within three years following its acquisition by the Group. In December, TOM acquired a 27% stake in Huayi Brothers, one of the largest private film and television studios in Mainland China. This acquisition will not only allow the Television and Entertainment Group access to the rapidly developing film industry in Mainland China, but also deepen our capabilities in

Chinese language television and filmed entertainment content production. This expansion of our Group's content production capabilities is expected to create valuable synergies with our various media platforms including CETV, TOMO and Publishing.

Today, the TOM Group has a diversified and stable mix of businesses, combining the high growth contribution of TOMO with the steadier earnings profile of our more traditional businesses such as Outdoor and Publishing. We believe that the Group's strong performance this year is important because most of it has been achieved as a result of organic growth across our businesses. In addition, our operations generally continued to improve efficiencies resulting in margin expansion. As a result, the Group has achieved a substantive increase in bottom-line earnings even after taking into account the consolidation of the losses from CETV, as well as a dilution in the profit attributable from TOMO after its listing. Looking forward, I expect the Group to continue to develop organically as well as through acquisitions in its existing businesses, all of which offer attractive growth prospects in Mainland China.

Finally, I would like to thank TOM Group's management team and staff for their dedication and hard work throughout the year.



Frank John Sixt

Chairman

Hong Kong, 23 March 2005