

Management's Statement

Sing Wang

*Chief Executive Officer
and Executive Director*

“The year 2004 was an exciting year, one that was marked by several key milestones in development of the TOM Group. In March, we saw the spin-off and dual listing of our Internet Group, TOM Online Inc., on the NASDAQ in the United States and the Growth Enterprise Market in Hong Kong.”

In less than three years, TOM Online has transformed itself from being a laggard among its Internet peers and a heavily loss-making venture, into not only a true leader in the wireless Internet sector in China, but also the fastest growing and most profitable business in our Group today. In August, the TOM Group officially transferred its listing from the Growth Enterprise Market to the Main Board of the Stock Exchange in Hong Kong. This signified a true coming of age for the Group and is important in that it affirmed the position of the TOM Group as one of the leading media organisations in Greater China. For the year-end, the TOM Group reported results that delivered a second year of solid profitability, backed by significant growth in revenue and earnings, most notably, much of this performance was achieved through organic growth across all of our business divisions.

The TOM Group completed the year with the announcement of several strategic acquisitions. With our underlying asset generating strong growth, and a significantly strengthened financial position, I believe the Group is well positioned to enter into the next phase of growth from a significant scale, combining organic development and acquisitions, with the singular objective to maximise shareholder value.

Tong Mei Kuen, Tommei

*Chief Financial Officer
and Executive Director*

For 2004, the Group has been able to maintain a healthy and solid financial position. This has been achieved as a result of the continued organic growth across most of our business divisions, not only TOM Online but also of note was the performance in Publishing and Outdoor. What is also significant about our financial results is that the increase in year-on-year profitability was attained, despite carrying the continued losses from our Television and Entertainment Group, as well as the dilution in profit attributable from our Internet Group subsequent to the listing of TOM Online. EBITDA margins improved from 13% to 14% and I expect this trend to continue as our businesses continue to grow in scale, and as the losses in CETV continue to be reduced. As for our balance sheet, while we finished the year with a net cash position of HK\$1.1 billion, it is important for us to maintain our financial discipline and seek out the most efficient ways to deploy our capital in our ongoing pursuit of growth through acquisitions as well as organic growth.

**Tong Mei Kuen, Tommei****Sing Wang****Ekkehard Rathgeber****Ekkehard Rathgeber**
Chief Operating Officer

With a diversified mix of businesses, at TOM while we are working towards further consolidate our market positions, we are striving to increase our internal efficiency and synergy across different business divisions and enhance our corporate culture so as to add value. In 2004, there was expansion in profit margin of business divisions which we believe was resulted from the increased operational efficiency. This is my first year at TOM and I have pleasure in taking part to manage TOM – the leading Chinese media group and bring it to a new level of growth.