

Inter -net

Revenues of
HK\$989 million, a
growth of 67% from
HK\$592 million
reported in 2003.



SMS



Internet

Management's Discussion and Analysis Operations Review

TOM Online Ranking in Mainland China

IVR No. 1

2.5G,
WAP and MMS No. 2

SMS No. 3

Total registered users:
163 million

Wireless Internet users:
132 million

Average daily page views:
220 million

Free e-mail users:
30 million

IVR users:
14 million



The Internet Group recorded revenues of HK\$989 million (TOMO: US\$123 million), a growth of 67% from HK\$592 million (TOMO: US\$77 million) reported in 2003.

In 2004, segment profit before depreciation and amortisation grew to HK\$353 million and segment profit to HK\$300 million, compared to HK\$192 million and HK\$133 million respectively in 2003.

Wireless Internet services continued to be the key growth driver, contributing 89% of total revenues and attaining a year-on-year growth of 102%. Short messaging service ("SMS"), which in 2003, made up over 90% of wireless Internet revenues, accounted for only 49% of the segment revenues for the year 2004, while revenues of 2.5G and voice services both attained over twelve-fold growth compared to the previous year, and contributed 25% and 26% respectively of wireless Internet revenues. These results reflect management's continued focus to diversify revenue streams, with an

increased emphasis on 2.5G and voice services, so as to mirror the mobile telecommunications operators' strategies. Advanced data and voice services are expected to drive overall wireless Internet market growth in 2005. TOM Online has now firmly established its leadership in Mainland China's wireless Internet sector and is the only portal to be ranked within the top 3 service providers in all wireless delivery channels. Today, it has attained the #1 position in the voice-based service segment, which include interactive voice response ("IVR") and ring-back tone ("RBT") services; the #2 position in the 2.5G segment, covering multimedia messaging services ("MMS") and wireless application protocol ("WAP") services; as well as the #3 position in the 2G category, providing SMS based products.

Content and service offerings on the tom.com portal continued to be enriched, and today it ranks as one of Mainland





China's top 5 Internet portals generating average daily page views of approximately 220 million. In line with the increasing popularity of the website, online advertising revenues have grown and made up 6% of total revenues for the year. Commercial enterprise services, the revenues of which in 2003 contributed to 18% of the total, continued to be de-emphasised and accounted for a very small percentage of total revenues for the year of 2004.

A number of key business development initiatives in the second half of 2004 have helped TOM Online secure its position as a leading wireless Internet service provider. These included the acquisition of Treasure Base, a wireless entertainment service provider with exclusive rights with major TV channels;



a co-investment with IDG and Qualcomm in the Sichuan Great Wall Software Group that will focus on the development of JAVA and BREW technologies, thus enhancing TOM Online's 2.5G and future 3G product development capabilities; exclusive partnerships with UEFA and ESPN STAR brought the Euro 2004 Official Chinese Website and English Premier League content offerings respectively to our users; the strategic alliance with Skype Technologies will look to develop free and fee-based communication and community applications under the co-branded instant messaging tool, TOM-Skype; the acquisition of Whole Win, a leading WAP service provider has strengthened our position in 2.5G services. Lastly, the acquisition of Indiagames has allowed TOM Online to take its first strategic step outside Mainland China, and will help in its continued diversification strategy – in market coverage, by adding India, a market with high-growth potential; in product mix – with the addition of Indiagames' portfolio of over 60 mobile games; as well as in distribution – with the combination of over 100 distribution channel partnerships worldwide.



TOM Online Inc. Key Milestones

First Quarter

Dual Listed on NASDAQ: TOMO and Hong Kong GEM Stock Code: 8282

Signed popular singer-songwriter Wang Leehom as TOM Online Ambassador

Second Quarter

Launched TOM Mobile Music with Beijing Music Radio

Started offering exclusive online and wireless Internet content on UEFA EURO 2004

Third Quarter

Forged partnerships with SONY, EMI, Warner Chappell, Universal and BMG to offer wireless Internet content and related products

Partnered with Sports Weekly, China's largest sport newspaper, to provide Internet and wireless contents

Strategic investments in Sichuan Great Wall Software Group, a leading mobile phone software developer

Acquired Treasure Base, the leading wireless entertainment company with a distribution network of over 60 TV channels

Formed online platform partnership with ESPN STAR Sports on English Premier League content

Fourth Quarter

Launched voice-enabled IM tool TOM-Skype in co-operation with Skype Technologies

Acquired Whole Win, a fast-growing 2.5G services provider

Acquired Indiagames, a major wireless game developer and mobile entertainment content publisher in the world

Out -door Media

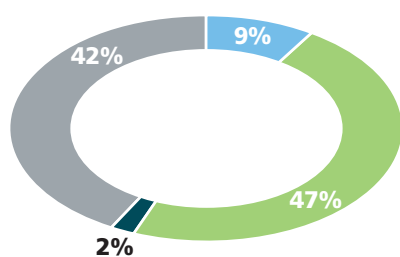
Revenues of HK\$369 million, an increase of 24% compared to the HK\$298 million reported in the previous year.



Outdoor Media

Management's Discussion and Analysis Operations Review

TOM Outdoor asset portfolio



- Street furniture
- Billboards
- Transport
- Unipoles

The Outdoor Media Group (“TOM Outdoor”) achieved revenues of HK\$369 million, an increase of 24% compared to the HK\$298 million reported in the previous year.

Segment profit before depreciation and amortisation and segment profit was HK\$83 million and HK\$58 million, compared to HK\$67 million and HK\$27 million respectively in 2003.

TOM Outdoor now operates the largest billboard network in Mainland China and ranks #2 in terms of overall market share in outdoor advertising. With the recently announced acquisitions in Chongqing and Wuhan at the end of 2004, TOM Outdoor now has over 300,000 square metres of asset space, comprising over 6,500 advertising panels, representing an overall increase of 20% in capacity. Through 14 operating subsidiaries, our advertising network now reaches over 50 cities throughout Mainland China. Occupancy rates have been improving, with the year-end average reaching over 80%. Key new concessions were secured in 10 cities

including Shanghai, Beijing, Guangzhou, Dalian, Jinan, Fuzhou, Xiamen, Zhengzhou, Shenyang and Chongqing. These included 18 unipoles along the highway leading to the Pudong International Airport in Shanghai, as well as the 3 largest advertising billboards in Guangzhou. Major advertising account wins during the year included cross-regional placement contracts with NEC, AVIVA-COFCO Life Insurance, Kia Automobile, Futian Automobile and Konka.

In April of 2004, a re-branding exercise was launched for TOM Outdoor. Historically, TOM Outdoor had been built up through a series of acquisitions and also started up wholly owned operations organically in Beijing, Shanghai and Guangzhou – as a result, the TOM brand and also the local brand of the joint-venture





With integration progressing well, TOM Outdoor has also been looking to continue to build scale through acquisitions. In December, TOM Outdoor announced the acquisitions of Chongqing Jinzhao and Wuhan Lineland. Both Jinzhao and Lineland have leading positions in their home markets of Chongqing and Wuhan respectively and are focused mainly on operating in the billboard and unipole categories.

companies have co-existed for a period of time, due to the need to maintain corporate recognition with advertising clients and municipal governments. As part of the ongoing post-acquisition integration process, all units within the division now have unified branding under "TOM Outdoor", with the local mark becoming a sub-brand. It is intended that over time, the local brands would be phased out once the full transition to the TOM Outdoor brand has been completed. Also in the process of ongoing integration, divisional management has been aligned, with central reporting to Li Jian, who is now President of TOM Outdoor.



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Top 10 outdoor advertisers

- Fujian Longyan Cigarette Factory**
- Kunming Municipal Urban Construction Investment & Development Co.,Ltd.**
- Yuxi Hongta Tobacco (Group) Co.,Ltd.**
- Yunnan Shui Fu Tourism Development Ltd.**
- The First Korean Enterprise**
- Honghe Cigarette Factory**
- Yueda Automobile Co.,Ltd.**
- Shanghai Hakuhodo Advertising Co.,Ltd.**
- Shanghai Huyi Advertising Co.,Ltd.**
- Shanghai Heli Advertising Co.,Ltd.**