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 2005.

For the six months ended 30 June 2005:

- Group revenues were HK$1,416 million, an increase of 18% over the same period last year
- EBITDA was HK$178 million, an increase of 11%
- Profit attributable to shareholders was HK$169 million
- Earnings per share was HK4.35 cents

Financial Highlights

	For the six month period ended	
	30 June 2005	30 June 2004#
	HK$'000	*HK$'000*
Turnover	**1,415,747**	1,198,375
Earnings before interest, taxation, depreciation and amortization ("EBITDA")*	**177,593**	160,005
One-time non-recurring items before minority interests	**128,364**	614,033
Profit attributable to shareholders	**169,348**	683,478
Basic earnings per share (HK cents)	**4.35**	17.6

* EBITDA refers to earnings before interest, taxation, depreciation, amortization and other one-time expenses. For the six months ended 30 June 2005, EBITDA is derived by excluding net gain on deemed disposals of interests in subsidiaries and provision for receivables, net, totaling HK$128,364,000. For the six months ended 30 June 2004, EBITDA is derived by excluding one-time gains/expenses totaling HK$614,033,000.

The financial information of the Group for the six months ended 30 June 2004 has been restated due to the adoption of certain new accounting standards effective to the Group since 1 January 2005.

Financial Performance

In the first half of 2005, the TOM Group achieved revenues of HK$1,416 million, an increase of 18% compared to the same period last year. Group EBITDA increased 11% to HK$178 million, while profit attributable to shareholders was HK$169 million, compared to HK$683 million in the first half of 2004 which included the one-time non-recurring items, net of minority interests, of HK$626 million mainly contributed by the spin-off of TOM Online.

The Internet Group recorded revenues of HK$621 million, an increase of 35% from the first half of 2004. Segment profit was HK$136 million, compared to the same period last year of HK$138 million. The Outdoor Media Group reported revenues of HK$184 million, an increase of 15% compared to HK$159 million in the first half of 2004, segment profit was HK$23 million compared to HK$26 million in the same period last year. Revenues of the Publishing Group grew by 16% to HK$512 million, compared to HK$441 million in the same period last year; segment profit was HK$63 million, compared to HK$50 million in the first half of 2004. The TV and Entertainment Group reported revenues of HK$32 million, compared to HK$11 million in the same period last year, representing a growth of 185%; segment loss of the group reduced from HK$43 million in the first half of 2004 to HK$37 million.

Unfortunately, the Group's results for the first half of this year were adversely impacted by the under-performance of the Sports Group, which was the only one of the Group's divisions not to record revenue growth for the first half due to a major restructuring of the division undertaken during the period. The Sports Group recorded a decline of 49% in revenues to HK$66 million as compared to the first half of 2004; a segment loss of HK$9 million compared to a profit of HK$20 million in the first half of last year.

Business Review

Internet

The Internet Group delivered revenues of HK$621 million, a 35% increase from the same period last year. EBITDA for the first half of 2005 was HK$149 million, a drop of 2% compared to HK$151 million in the same period last year. Segment profit was HK$136 million, compared to HK$138 million in the same period last year.

Wireless Internet service revenues of TOMO, including the first full quarter consolidated of Indiagames Limited, were approximately HK$575 million in the first half of 2005, an increase of 40% from the same period last year, and accounting for 94% of its total revenues. Online advertising revenues were approximately HK$27 million, up 9% from the same period last year.

TOMO's SMS ("Short Messaging Service") revenues in the period were HK$218 million and made up 38% of total wireless Internet revenues. The growth was driven by continued distribution channel and product development activities. Revenues of MMS ("Multi-media Messaging Service") and WAP ("Wireless Application Protocol") accounted for 6% and 21% respectively of total wireless Internet revenues for the first six months of 2005, a rebound was seen in MMS business after the migration to the new MISC platform in the first quarter of the year, while IVR ("Interactive Voice Response") and CRBT ("Color Ring Back Tone") made up 25% and 8% respectively of TOMO's total wireless Internet revenues.

During the period, TOMO maintained its focus on being the leading wireless Internet Company in China by continuing to innovate new products and market core wireless related products such as 2.5G services and IVR services; strengthen partnership with traditional media/content partners with increasing initiatives and adoption of entertainment and music related content on the WAP, MMS and CRBT. In order to prepare itself for new technologies and opportunities in 2.75G/3G, TOMO has recently announced alliance with TCL Mobile and Warner Bros Online.

TOMO's partnership with Skype continues to progress well and has recorded a steady increase in TOM-Skype users as well as a positive impact on overall portal traffic and usage.

Outdoor

The Outdoor Media Group ("OMG") in the first half of 2005 reported revenues of HK$184 million in a competitive operating environment, representing an increase of 15% compared to the same period last year. During the period, Beijing TOM, a subsidiary of OMG, incurred a one-time loss of HK$5 million due to operations inefficiency and was restructured as a result. EBITDA declined by 8% to HK$36 million as compared to HK$39 million in the first half of 2004. Segment profit of the group was HK$23 million compared to HK$26 million in the same period last year.

For the first six months of 2005, revenues of the outdoor media rental businesses accounted for 69% of OMG's total revenues, with the balance coming primarily from cross-media businesses. Revenues of the self-owned and leased billboards and unipoles made up 52% of the total outdoor media revenues compared to 43% in the same period last year; while media buying made up 27% of the total outdoor media revenues compared to 34% in the first half of 2004. Profit margin of media buying business for the half dropped to 5% compared to 16% in the same period last year primarily impacted by the weak performance of Beijing TOM, and exerted pressure on the group's margin as well. Excluding Beijing TOM, profit margin of media buying in the first half of 2005 was 20%.

Average selling prices of OMG in the first tier cities of Mainland China managed to increase 5% to 8% in the first half of 2005, while pricing in the second and third tier cities increased 8% to 10%. As of 30 June 2005, the total media capacity of OMG was approximately 300,000 square meters, with 80% of the assets in the unipole and billboard categories and the rest in transport, street furniture and other categories. Occupancy rate was maintained at over 80%. New major clients in the first half of 2005 included NEC, Nokia, Samsung and General Motors.

The re-branding of TOM Outdoor Media Group was formally completed in the first half of 2005. Under "TOM Outdoor", the branding of 14 units within the group was unified and their local mark will become a sub-brand. With the 14 units now sharing the same platform and system, enhancement in internal management and control is expected.

Publishing

The Publishing Group recorded revenue growth of 16% for the first six months of 2005 to HK$512 million in revenues. During the period, revenues from Taiwan accounted for over 93% of the total, with the rest contributed by the Hong Kong and China operations, while the revenues of the China joint ventures were not reflected in the consolidated revenues of the group. Advertising accounted for 30% of the total revenues, while books and magazines sales accounted for 40% and 27% respectively. Segment profit of the Publishing Group increased by 28% to HK$63 million, compared to HK$50 million in the same period last year. EBITDA of the Publishing Group increased by 38% to HK$78 million compared to HK$57 million in the first half of 2004.

In the first half of 2005, 3 new magazines and over 1,000 new books were published. The total number of advertising pages was over 11,000 pages compared to approximately 8,900 pages in the first half of last year.

In July, following the retirement of Mr. Jan Hung-tze, Mr. James Jin, Mr. Ho Fei Peng and Mr. James Yang were appointed as the new Chairman, Chief Executive Officer and Chief Operating Officer respectively. Mr. Jin, has over 28 years of experience in the media industry, was and is still the Chairman of the Business Weekly Media Group. Mr. Ho, one of the founders of Cité Publishing Group, PC Home and Business Weekly Media Group, has over 25 years of experience in the media industry and was awarded by Kingstone as "People of the Publishing Industry" in 1997. Mr. Yang, formerly an executive director of Era Communications and President of Asia Plus Broadcasting, has over 30 years of experience in the media industry.

The Mainland China version of *"Business Weekly", "Asia Business"*, launched five pilot editions in the first half of 2005. "*DG Best*", a digital products magazine, is currently being prepared for launch in the fourth quarter of 2005. Operations for Taiwan publishers have seen set up in Beijing, Shanghai and Guangzhou respectively.

Sports

In the first half of 2005, the Sports Group underwent a major restructuring. Revenues of the group declined 49% to HK$66 million; a segment loss of HK$9 million was reported, compared to a profit of HK$20 million in the first half of last year. During the period, a total of HK$71 million one-time provisions were made. The provisions were for receivables of a golf and a tennis event.

In July, the group settled the legal dispute with a minority shareholder of TML for a gross consideration of approximately HK$54 million, which includes the purchase of 40% remaining interests in TML, the transfer of certain subsidiaries and Thailand operations of TML and the settlement of inter-companies balances. This settlement arrangement secured the group's commercial rights and management control of *China Open*, the group's flagship international tennis event, and full ownership of the ATP and WTA licenses.

Most of the group's major sports events will be held in the second half of 2005. The regional finals and the national finals of the 2004-5 *Philips China Inter-University Football League* were held in April to June 2005. A total of 124 matches attracted around 500,000 on-site audiences in 5 cities. This event will be restarted in the next academic year with a new format. *The National Table-tennis Team* sponsored by LG continues to participate in major matches throughout the year. In June, the *AMWAY Nutriilite Run for Health* was successfully kicked off at the first stop Chongqing. The opening carnival had attracted thousands of on-site spectators. This event will also be launched in other 7 major China cities in the coming months. In July, the 2005 *3D Gold FIVB World Grand Prix*, the Hong Kong events of this major international women volleyball competition, was successfully held. Major sponsors for this event include SaSa and Vinda.

Building on the success of the inaugural *China Open* last year, the Group is organizing the event for the second consecutive year. The event will be held in September this year. Mr. Ekkehard Rathgeber, Chief Operating Officer of the TOM Group, has been appointed as tournament director. Top seeds like Refael Nadal, Guillermo Coria, Nikolay Davydenko, Lindsay Davenport, Maria Sharapova, Venus Williams and Serena Williams as well as China's top women players Li Na, Zheng Jie, the 2004 Olympic double champion Li Ting and Sun Tiantian are expected to compete in the two-week tournament. Major sponsors will include a range of domestic and international brands, including Lacoste, Beijing Shangri-la Hotel, Sohu.com, Citizen, Emma Ticketing, Sony Ericsson, CCTV, Avon, Coca-cola and Beijing Chateau.

TV & Entertainment

The TV & Entertainment Group achieved revenues of HK$32 million in the first half of 2005, an increase of 185% compared to the HK$11 million in the same period last year, with about 12% revenues derived from regions outside Guangdong. Segment loss reduced from HK$43 million in the first half of 2004 to HK$37 million. The growth was mainly attributable to the increase in advertising sales, which accounted for 92% of total revenues of CETV in the first half of 2005, while the remaining 8% contributed by program syndication, SMS and other events. Major sponsor accounts secured during the first half includes P&G China, Huanan Pharmaceutical and Jia Dan Ting Cosmetic.

The digitization of CETV was completed in March 2005. As of 30 June 2005, CETV managed to achieve a market share of 2.7% and 4.1% in Guangzhou and Shenzhen respectively. The Channel has a penetration rate of over 87% in the Guangdong province. The advertising occupancy rate during prime-time hours reached over 68% for the first six months of 2005.

CETV maintained its original productions at around 40% of prime-time programming. Hit programs like "*Huanan Pharmaceutical – All Star Singing Party*" ranked 4th in Shenzhen and 7th in Guangzhou for their time slot. "*No Holds Barred – Super Search Warrant*" achieved market share at 9.2% in Zhongshan, the highest market share in the city for its time slot, while in Shenzhen it achieved 4.2% market share. Original programming is now being syndicated to Hunan, Fujian, Henan and several other local networks. "*CoCo Cooks*" and "*Scent of Woman*" were nominated for "The Best Lifestyle Program" and "The Best Talk Show" respectively by the *"New Weekly Magazine"*.

The acquisition of Huayi Brothers International Holdings Limited is expected to be completed in the second half of 2005, with financial contribution expected thereafter.

With the objective of "becoming the top entertainment channel in China through compelling contents aggregation and production", CETV has adopted a drama-driven strategy and the localization of original produced programs in order to differentiate itself from competitors.

Business Outlook

Although earnings for the first half of 2005 were maintained due to the strong performance of Internet, Publishing as well as the improved performance of the TV & Entertainment Group, performance for the first half overall was unsatisfactory due to the underperformance of the Sports Group. Much of this underperformance arose as an unfortunate consequence of the Group's soured relationship with a former shareholder of TML and resulting acrimonious litigation.

After taking over the management of TML, and settling all litigation, the Sports Group is now focused solely on producing a second successful *China Open* and getting performance back on track. OMG is expected to achieve a steady organic growth in the second half of 2005 in a challenging environment; CETV is showing continued improvement and remains on track to achieve breakeven sometime during 2006. The Internet and Publishing Group showed solid growth in the first half and the momentum is expected to be maintained for the rest of the year.

I would like to take this opportunity to thank all our valued employees, customers, shareholders and business partners, as well as my fellow members of the Board of Directors for their continuing support of our Group. The Group will remain committed to growing and strengthening our businesses and to maximizing their value for our shareholders, and I expect to be able to report improved performance in the second half.

Frank Sixt
Chairman

Hong Kong, 22 August 2005