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"2005 was a year of operational consolidation and organic growth for TOM Group."

2005 was a year of operational consolidation and organic growth for TOM Group. Revenues grew 20% to over HK$3,105 million and EBITDA grew 46% to HK$415 million. The Group's overall EBITDA margin strengthened from 11% in 2004 to 13% in 2005. Profit attributable to shareholders was HK$260 million compared to HK$773 million in 2004. Basic earnings per share were HK6.67 cents compared to HK19.9 cents in 2004. 2004 attributable profits and earnings per share of course included certain one-time non-recurring items such as profits relating to the IPO of TOMO. Excluding such gains on deemed disposal of interests in subsidiaries, operating profit was HK$335 million for the year, compared to last year's operating loss of HK$20 million.

Our Internet Group reported another strong performance for the year. As noted in its results announcement on 17 March, TOMO's revenues increased 40% and net income increased by 33% compared to 2004. In 2005, TOMO's operations generated 98% of our Internet Group's total revenues, which on a consolidated basis rose 39% to HK$1,371 million. EBITDA for the Internet Group increased 36% to HK$373 million with margins steady at 27% versus 28% in 2004. Segment profit rose 39% from HK$250 million in 2004 to HK$348 million in 2005. TOMO has continued to consolidate its leadership position in the wireless Internet services segment in Mainland China and to add to its portal services offering, resulting in solid growth in contribution from each segment in 2005.

Our Publishing Group grew revenues by 14% to HK$1,035 million. It also increased EBITDA margin from year 2004's 12% to 13% and reported segment EBITDA of HK$137 million, up 21% and segment profit of HK$97 million representing a 14% year on year increase. This performance is encouraging particularly in light of the stepped up development pace of the group's publishing interests in Mainland China during the year.

The Outdoor Media Group continued to grow revenues but faced margin compression as with selling prices under pressure due to increasing competition and the cost of media assets continuing to rise. Revenues grew 12% year on year to HK$412 million, but EBITDA declined to HK$44 million compared to HK$82 million in 2004, reflecting a decline in EBITDA margin in this business from 22% in 2004 to 11% in 2005. The Group has taken a number of steps to consolidate its asset base, and has introduced more integrated selling, credit and cost controls across its businesses. With over 300,000 square metres of media asset space, the Outdoor Media Group is one of the largest operators in Mainland China with 16 subsidiaries operating throughout the country. Its network of billboards and unipoles is the largest in Mainland China and all of its operations were re-branded in 2005 under the "TOM Outdoor" brand.

The Television and Entertainment Group increased revenues by 146% to HK$79 million and reduced its EBITDA loss by 82% to HK$11 million. Segment loss was HK$54 million compared to HK$85 million in 2004. The performance of CETV continued to improve markedly in the year.

Results from the Sports Division were adversely affected by a legal dispute settled in the first half and reported in the Group's interim report. Revenues declined 29% to HK$208 million and EBITDA was HK$5 million versus HK$43 million in 2004. Segment profit was HK$4 million compared with HK$43 million in 2004, and includes a significant provision in relation to receivables of a golf event. Management changes relating to the litigation and golf event have been made and the Sports Division's results in the second half improved with the success of the *China Open* tennis tournament. The Group now owns the full operating rights for the tournament as well as relevant memberships in the ATP and WTA and has achieved good co-operation with tournament stakeholders in Mainland China including the Beijing Government, General Administration of Sport, local organising authorities and a subsidiary of Beijing Media Corporation Limited, formerly known as Beijing Youth Daily.

Finally, as announced in January 2006, Mr. Sing Wang resigned as Chief Executive Officer of the Group to pursue his own entrepreneurial interests, and Ms. Tommei Tong was appointed to take his place. Given Tommei's three years experience with the Group as Chief Financial Officer, I am pleased to report that the executive transition has been a very smooth one and has not resulted in management disruption or discontinuity. I believe the Group is well-positioned in all of its businesses for 2006 under Tommei's leadership.

On behalf of the Board, I would like to thank the Group's management team and all our employees as well as our valued customers for making 2005 a good year for the Group. I look forward to another solid year in 2006.

Frank John Sixt
Chairman
Hong Kong, 21 March 2006