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 2006.

For the six months ended 30 June 2006:

- Group revenues were HK$1,522 million, an increase of 8% over the same period last year
- Operating profit before net gain on deemed disposals of interests in subsidiaries was HK$225 million, a growth of 91%
- Profit attributable to shareholders was HK$91 million
- Basic earnings per share was HK2.34 cents

Financial Highlights

	For the six months ended	
	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
Revenues	**1,521,997**	1,415,747
Operating profit before net gain on deemed disposals of interests in subsidiaries	**224,675**	117,815
Profit attributable to shareholders	**91,262***	169,348**
Basic earnings per share *(HK cents)*	**2.34**	4.35

Remark:

* Included a deemed disposal net gain of HK$25 million
** Included a deemed disposal net gain of HK$160 million

Financial Performance

For the six months ended 30 June 2006, the TOM Group reported revenues of HK$1,522 million, an increase of 8% compared to the same period last year. Operating profit before net gain on deemed disposals of interest in subsidiaries for the period grew by 91% to HK$225 million as compared to last year's HK$118 million. Operating profit margin (before net gain on deemed disposals of interest in subsidiaries) improved from last year's 8% to 15%. Profit attributable to shareholders was HK$91 million versus HK$169 million reported in the same period last year. Basic earnings per share were HK2.34 cents.

The Internet Group reported a 26% growth in revenues to HK$782 million. Segment profit for the period grew by 52% to HK$208 million. Revenues of the Publishing Group dropped 9% to HK$468 million for the period, compared to last year's HK$512 million; segment profit for the Publishing Group was HK$66 million, versus last year's HK$63 million. The Outdoor Media Group reported revenues of HK$185 million, a marginal increase compared to last year's HK$184 million; segment profit was HK$12 million, down 47% compared to last year's HK$23 million. Revenues for the Television and Entertainment Group posted a growth of 36% to HK$44 million; segment loss for the period was HK$25 million, a reduction of 33% compared to a loss of HK$37 million last year. The Sports Group's revenues for the period were HK$49 million, representing a drop of 25% compared to last year's HK$66 million; segment loss was HK$14 million, compared to last year's loss of HK$9 million.

Business Review

Internet Group

Revenues of the Internet Group for the period were HK$782 million, a growth of 26% versus last year's HK$621 million. Operations of TOM Online made up about 98% of Internet Group's total revenues. Segment profit was HK$208 million, a growth of 52% compared to last year's HK$136 million. Segment profit margin for the period was 27% versus last year's 22%.

For the first six months of 2006, total wireless Internet revenues grew by 23% to HK$711 million versus last year's HK$578 million and accounted for 92% of TOM Online's total revenues. Online advertising revenues were HK$51 million, a growth of 92% over last year's HK$27 million, and made up about 7% of TOM Online's total revenues.

SMS ("Short Messaging Service") revenues in the period were HK$284 million and made up 40% of total wireless Internet revenues; the growth was driven by the services related to the World Cup, improved performance in its Unicom SMS business and the consolidation of Beijing Bo Xun Rong Tong Information Technology Company Limited for the month of June. Revenues of MMS ("Multi-media Messaging Service") and WAP ("Wireless Application Protocol") accounted for 9% and 16% respectively of total wireless Internet revenues for the first six months of 2006. IVR ("Interactive Voice Response") and CRBT ("Color Ring Back Tone") made up 26% and 6% respectively of TOM Online's total wireless Internet revenues.

On 7 July 2006, TOM Online announced in a press release that it had received notice on policy changes for all subscription services on China Mobile's Monternet platform. The changes, which are to be implemented under the policy directives of China's Ministry of Information Industry, aim to address a number of issues, including reducing customer complaints, increasing customer satisfaction and promoting the healthy development of Monternet. Although TOM Online believes that the policy changes will have substantial negative impact to its wireless business in the near-term, it is reasonable to expect that the industry will adapt and will still offer good longer-term growth prospects for TOM Online.

TOM Online is actively adjusting its operating strategy for the new operating environment and optimizing its cost structure to become more efficient. From early June, as TOM Online has expected potential policy changes to be implemented sometime in 3Q2006, and began to proactively adjust its service offerings in an effort to anticipate and minimize the impact of such changes. These adjustments included changing subscription by message services to flat fee subscriptions and promoting more usage based services over subscription services.

Online advertising business of TOM Online performed well during the period with its continued efforts to focus on the monetization of TOM Online's core online channels such as entertainment, music (including Wanleba) and sports. In 2Q2006, the total number of advertisers and average spend per advertiser each increased sequentially 10-20%, driven in part by strong incremental growth in online activities related to the World Cup and Wanleba. TOM Online plans to emphasize its efforts on its portal to bolster its online presence and communities and to continue grow its online advertising business.

During the period, TOM Online continued to develop core functionality additions to its portal and mobile offerings. At the end of July 2006, TOM-Skype registered users were over 15.5 million up from over 12.0 million registered users at the end of April 2006. TOM Online continue to explore advertising opportunities through TOM-Skype client and expects to begin monetizing by the end of the fourth quarter of 2006. During the period, TOM Online worked closely with UMPay to develop on micro-payments and pre-paid card top up services. TOM Online will work with UMPay to develop China's mobile payment as a longer-term opportunity for the Company.

Publishing Group

The Publishing Group delivered revenues of HK$468 million for the first six months of 2006, a drop of 9% over last year's HK$512 million mainly attributable to a reallocation of internal resources. Segment profit of the group was HK$66 million, compared to last year's HK$63 million; Segment profit margin for the six months improved from last year's 12% to 14%.

In the first half of 2006, revenues from Taiwan accounted for 98% of the group's total revenues, with the rest contributed by Mainland China and Hong Kong operations. Revenues from advertising made up 32% of the group's total, magazine sales made up 26%, while book sales accounted for 39%.

In order to enhance the operational efficiency and profitability of the Publishing Group, the group has restructured, disposed or closed some of its unprofitable magazines and publishing business units during the period under review. Segment profit margin of the group, as a result, has been improved from last year's 12% to 14%, and yet has impacted the revenues of the Publishing Group. In March 2006, the group sold its 50% owned Yazhou Zhoukan to Ming Pao for a total consideration of approximately HK$16 million, which was satisfied by an allotment of 12 million shares of Ming Pao. The disposal of Yazhou Zhoukan led to a decrease in revenue of HK$23 million in the first half of 2006.

The Taiwan operations managed to have a steady growth during the period amid competitive operating environment and tried to explore new opportunities in electronic publishing and distribution. Three new magazine titles were launched and over 1,000 new book titles were published in Taiwan during the six months under review. During the period, the group has also started trial run of e-publishing in Taiwan with the aim of launching digitalized products in the second half of 2006. In addition, the group has increased its book sales through online distributors in order to capture the robust growth of e-commerce market in Taiwan.

The five magazines, namely *DG Best, Global Business, International Wrist Watch, iTravel* and *Micro-electronic* launched in Mainland China by the Taiwan operations, despite continuous growth in both circulation and advertising revenue, were still in investment stage. The five magazines have a nationwide distribution, network covering most of the major prime cities in Mainland China. The bookstore in Hong Kong, run by the Taiwan operations, has become profitable during the period.

Looking to the future, the group will continue to improve its operating efficiency and profitability with further rationalization of resources employed. The group is exploring acquisition opportunities in both traditional as well as electronic publishing and distribution in the region.

Outdoor Media Group

Revenues of the Outdoor Media Group ("OMG") was HK$185 million for the first six months of 2006, a marginal increase compared to the same period last year as OMG adjusted its business strategy from media buying to self-owned/leased assets in the first half. Segment profit of the group was HK$12 million, a drop of 47% compared to last year's HK$23 million. Segment profit margin was 7% compared to last year's 12%.

For the six months under review, revenues from self-owned/leased media made up 56% of the total, media buying made up 34%, revenues generated from professional services accounted for 9% of the total. Total media asset space of OMG was over 340,000 square meters, an increase of approximately 17% over last year's around 300,000 square meters. Occupancy rate of self-owned/leased assets was about 71% compared to last year's 79%. Occupancy rate dropped compared to last year as some newly added assets were not yet sold during the period which increased the asset costs and impacted the margin of OMG. Average selling price of self-owned/leased assets for the period increased 9% over last year. OMG expects to further increase its selling price in the second half of the year.

In order to improve profitability OMG has applied new technology and design to provide creative outdoor media for clients and adjusted its business strategy in the first tier cities, especially in Shanghai and some of the second tier cities, and has shifted its business focus from media buying to self-owned/leased assets and started to acquire its own assets in these cities. Revenues of OMG were impacted by the change of strategy and were flat compared to the same period last year. The group believes that the reduction in media buying business will further improve its profit margin. In the first half of 2006, self-owned/leased assets made up about 83% of total assets, while the rest was media buying; as compared to 60% self-owned/leased and 40% media buying as at the end of 2005.

In March 2006, Singapore Press Holdings Limited ("SPH") acquired a 35% stake in OMG through a capital injection to the Group of approximately HK$203 million (US$26 million) at an implied value of approximately HK$820 million (US$105 million) and became a strategic partner of TOM Group; about HK$25 million deemed disposal gain was recorded in the first half of 2006. SPH is the leading media company in Singapore with an established platform in publishing business. The strategic partnership provides SPH with a foothold in outdoor media sector in Mainland China. OMG in turn will benefit from SPH's media expertise and resources and will continue to expand and solidify its leading outdoor advertising business by acquiring quality media assets in Mainland China. Meanwhile, OMG will continue to explore opportunities in developing new media such as digital panel and apply new technology and design to provide creative outdoor media for clients.

In the first half of 2006, OMG operated 16 subsidiaries with advertising presence in over 60 cities throughout Mainland China. The group will continue to strengthen its network sales by enhancing the integration within subsidiaries and its knowledge platform. The group is actively exploring potential acquisition of outdoor assets in different categories with higher margin in the first tier cities including Beijing, Shanghai and Shenzhen and some leading second tier cities to expand its assets portfolio and improve profitability. It is expected that the forthcoming potential acquisition of outdoor assets would mostly be financed by the capital injected in by SPH.

In order to strengthen the management team and enhance the operations of OMG, a Chief Operating Officer was appointed in July 2006 to oversee the operations, sales and marketing as well as media development of the group. Together with five newly recruited senior executives, the management team of OMG will focus on strengthening the media development of the group in the areas of digital media and national sales, leveraging on the knowledge platform of its subsidiaries throughout Mainland China.

Television and Entertainment Group

The Television and Entertainment Group reported a growth of 36% in revenues to HK$44 million. Segment loss dropped by 33% to HK$25 million compared to a loss of HK$37 million in the same period last year.

Advertising revenues made up 83% of the total revenues for the six months ended 2006, with the rest contributed by wireless, events and program syndication. Advertising revenues of CETV in the first half of 2006 posted a strong growth of 30% to HK$37 million compared to the same period last year.

During the first half of 2006, much effort of CETV was spent in sales and marketing. Marketing activities included anime competition for a Taiwan idol drama "KO One", an on-the-ground event with the hit Taiwan girl group "S.H.E" promoting the idol drama "Reaching For The Stars" and a promotion event for in-house production "Hi! Lucky Taxi" during "Shenzhen International Cultural Industry Fair" attracted over 300,000 participants.

CETV continued to strengthen ties with Guangdong Mobile organizing a sponsored production for new talents named "Star Power 2006". The opening show in Guangzhou along with qualifying rounds and semi-finals in the Guangdong cities Foshan, Zhanjiang, Dongguan, Shantou, Shenzhen, Zhuhai and Guangzhou attracted over 40,000 participants.

The new media business continued to grow in the first half of 2006, mobile interactive programs like "Happy Laisee" and "Hi! Lucky Taxi" were well received during the period. "Happy Laisee" is an interactive auction program, audience can use IVR call-in to bid-down for the auctioned goods, while "Hi! Lucky Taxi" is a "Millionaire-Like" show in a taxi that provides participation opportunities for audiences by using IVR call-ins. At present, CETV partners with TOM Online and other services providers in its new media business.

In addition to "Happy Laisee" and "Hi! Lucky Taxi", the slate of new original productions in the first half of 2006 included "Celebrity Kitchen" (a food and cooking show involving showbiz artists dropping in on normal families for dinner), the talent show "Wanrenmi" and a new format game show "Paper, Scissors, Stone". All of them led to an increase in original programming.

In the first half of 2006, about 30% programs broadcasted during prime time were original productions with the rest imported from Korea, Taiwan and overseas; CETV targets to increase original production broadcast during prime time to 40%. CETV will continue to pursue initiatives to further deepen its content productions capabilities and expand distribution platforms.

Sports Group

Revenues of the Sports Group was HK$49 million for the first half of 2006, a drop of 25% compared to last year's HK$66 million, mainly driven by disruption of business due to a restructuring of Yangcheng ("YC"), a major subsidiary of the Sports Group. Segment loss for the six months was HK$14 million versus last year's loss of HK$9 million.

2006 China Open, one of the important events in the international sports calendar, is going to take place from September 9 to 24 in Beijing. The world-class tournament, supported by well-known multinational corporations and leading local brands, will be featuring many of the top male and female players in the world. The sponsors of 2006 China Open include Rolex, Sony Ericsson, Mercedes Benz, CCTV, Lacoste, Sohu, Beijing Chateau, and Tsing Tao. A new cooperation agreement with Beijing Media Corporation ("BMC") has been reached in March 2006; under the agreement, TOM will, among others, receive an annual license fee of US$1.2 million for the ATP and WTA licenses from Beijing China Open Promotion Company Limited, a joint venture between BMC and TOM.

YC underwent a major re-organization restructuring in the first half of 2006. Richard Lee, a veteran in advertising industry, joined YC as CEO. Under Richard's leadership, YC will be repositioned as an integrated marketing communication expert. YC expects to draw on the diversified media platform of TOM Group, its own all-round experiences in Mainland China, including event organizing and management, and excellent relationships with all key media in Mainland China i.e. TV, print, Internet as well as outdoor media to develop a new business model directed towards developing integrated communication campaigns and providing quality executions to clients and cross-selling relevant products from all of TOM Group's five business groups. The re-organization and repositioning will, however, cause temporary disruption to the division and is not expected to result in improved performance of the Sports Group until late this year.

Business Outlook

In the first half of 2006, TOM Group has placed much of its focus on improving profitability.

With China Mobile's policy changes on its Monternet platform and the impact on us is expected to be negative and significant, we expect the operating environment of TOM Online will be difficult for the remainder of the year and a decline in profitability is expected. However, it is reasonable to expect that the industry will adapt to the changes and still offer good longer-term growth prospects for TOM Online. We have been actively adjusting our operating environment and optimizing our cost structure to deal with the new operating environment.

The Group's focus on cost structure improvement and margin expansion has improved the profitability of the Group in the first half of the year, and these efforts will continue in the second half. The Group will also pursue additional initiatives to drive further growth. During the period, a reduction of 26% in our headquarter costs was achieved. In the second half of the year, integration and rationalization efforts will continues across all business groups and at our corporate head office, we will at the same time continue to expand our five businesses groups through organic and, if appropriate, by selective acquisitions.

I would like to take this opportunity to thank the management and staff in making the good performance in the first half of 2006. The Group will remain committed to growing and strengthening our businesses and to maximizing their value for our shareholders.

Frank Sixt
Chairman

Hong Kong, 21 August 2006