



TOM Group Limited
An associate of Hutchison Whampoa Limited
TOM 集團有限公司
和記黃埔有限公司聯營機構

Press Release 新聞稿

Invest in innovative and platform agnostic applications TOM Group posts operating profit of HK\$25 million

Hong Kong, 10 March 2010 - TOM Group Limited (HKEx: 2383, "TOM Group" or "the Group"), the Chinese-language media conglomerate in Greater China, today announced its annual results for the period ending 31 December 2009.

Ken Yeung, Chief Executive Officer and Executive Director said, "Despite the slow economic recovery, the Group continued to optimise its business platform and has reduced its operating costs by 20%. During the year, the Group invested in building an application- and tool-centric open platform to facilitate the launch of unique and innovative internet and mobile products. TOM registered an operating profit of HK\$25 million and EBITDA increased 10% to HK\$106 million over last year."

"The internet group continued to unveil exciting new offerings. Following the alliance with the NBA, TOM further cooperated with the Chinese Basketball Association and National Basketball League with the aim to build the ultimate basketball destination online. To further enhance our sports portfolio, Sharkwave launched premium and topical sports content online and via mobile. TOM is becoming the brand of choice for users looking for unique content.

"Founded on a solid cross-media platform, TOM launched a number of innovative products in both the Mainland and Taiwan, including the Huanjianshumeng iPhone e-book application, the first-ever online UGC publishing platform – POPO, Cité Lifeel mobile reading service and Qidian.com Taiwan edition, in cooperation with Shanda. Cité also plans to open up to 10 Gurubear story houses in Beijing after the successful launch of Gurubear.com.cn, the e-book platform for children, offering its users an online-to-offline reading experience. In cooperation with Guangdong General Hospital, TOM Group is rolling out an interactive healthcare services platform called Dietmama, targeting the global Chinese community. A mobile version of the platform will soon be available. In our e-commerce business, over a thousand international and local merchants have already landed on Ulechina, our unique B2C e-commerce platform jointly developed with the China Post Group, since its beta launch last year.

"CETV continued to bring in top-notch entertainment content and utilised the Group's cross-media resources to deliver a seamless viewing experience to its audience online, offline and via mobile. With its collection of innovative original productions and popular dramas, CETV provides diverse quality content for TOM's wireless business. CETV recorded a 60% jump in advertising revenue during 2H09 while further narrowing its loss by 13% over last year. Our



traditional publishing business continued to report steady performance. *Business Weekly*, the flagship business magazine in Taiwan, reported a robust 60% rebound in advertising revenue in 2H09 compared with 1H09. In the outdoor media business, the group has optimised its asset portfolio and will continue to work closely with local authorities to develop high-margin and unique outdoor media assets."

As for the outlook, Ken said, "Riding on the Group's device- and operator-agnostic open platform, diversified media content and operational experience, TOM Group will continue to develop popular, unique and innovative mobile internet products, offering the best user experience online, offline and via mobile."

Financial Highlights:

- Group revenues were HK\$2,400 million
- Operating profit was HK\$25 million
- Net loss attributable to shareholders was HK\$61 million
- Loss per share was 1.55 HK cents

	For the year ended 31 Dec	
	2009	2008
	HK\$'000	HK\$'000
Revenues	2,435,753	2,728,033
Operating profit/(loss)	24,513	(1,367,755)
Net (loss) attributable to shareholders	(60,512)	(1,394,429)
Earnings/(loss) per share (HK cents)	(1.55)	(35.82)

Business Review:

Internet – integrate online and offline platforms posting HK\$54M operating profit

Despite the impact of certain telecommunications and internet regulatory policies in Mainland China, TOM Group has made ongoing efforts in optimising and integrating its wireless and internet businesses to deliver a device and operator agnostic platform, tapping into the 3G and mobile internet opportunities. During the period, the Internet Group posted revenues of HK\$1,062 million and operating profit of HK\$54 million.

Leveraging its partnerships with premium content and technology providers, TOM's Internet Group continued to offer a wide range of high quality and differentiated content and applications while creating an innovative and targeted platform for its advertisers via online and mobile.

Alliances with NBA & CBA creating a sports community online

During the year, TOM has entered into partnerships with a number of local and overseas sports giants, creating a sports community over an online and wireless platform.



TOM launched the NBA official websites in Hong Kong (NBA.com/hongkong) and Taiwan (NBA.com/taiwan) over the year following the successful activation of the NBA official website in Mainland China (NBA.com/china) in October 2008. In July 2009, TOM Sharkwave introduced the NBA official online community platform. Sharkwave not only offers sports fans access to the latest news and game statistics, but also allows them to participate in online fantasy games. Sharkwave has been well-received since the introduction of online games. The website has also won support from Hewlett Packard, a multinational advertiser, to sponsor its interactive games. Besides NBA sports, Sharkwave offers diversified content such as WTA tour, highlights on FIFA World Cup Qualification, Premier League and extreme sports to its users.

Combining TOM's cutting-edge wireless and internet technologies with NBA's premium content, the Group not only created a seamless and integrated online/mobile/offline experience for sports fans, but also presented its advertisers with an innovative one-stop solution to reach its target audience. The NBA China has recorded meaningful growth in page views throughout the NBA playoffs and also secured a number of local and overseas advertisers including Adidas, Nike, Peak Sports, ASUSTek Computer and Qiaodan.

To further expand its sports offering, TOM cooperated with the Chinese Basketball Association with the launch of Uhoop (www.uhoop.cn), an interactive platform that promotes e-learning on basketball skills amongst youngsters and allows them to participate in online games and exchanges views with other sports fans. During the year, TOM has formed alliance with NBL and has also launched the official website for Chengdu International Basketball Invitation Competition organised by Olympian Professional Basketball Club offering accurate and timely information on game, statistics and games highlights to fans and, aiming to become the ultimate online basketball destination for users in Mainland China.

Tap 3G mobile internet opportunities to bring diversified content

With the arrival of 3G in the Mainland, the Group strengthened its cooperation with strategic partners, operators and handset manufacturers to develop innovative mobile internet services for users, riding on its competitive advantages in technology and rich content resources.

During the period, TOM's Huanjianshumeng website (hjsm.tom.com) introduced an e-book reader over iPhone to extend its reach to various reader groups. Developed by TOM, the application allows readers to access a large collection of books and bestselling novels from Huanjianshumeng, where it currently has over 35,000 original novels. As these original novels become increasingly popular, the iPhone reader provides an enhanced reading experience for its users.

Going forward, the Group will continue to develop unique applications. The interactive healthcare services platform called Dietmama jointly introduced by TOM and Guangdong General Hospital is an example as such. The platform offers a variety of health information, interactive games and social networking features. A mobile version of the platform will be launched within 2010.



Beta Launch of online shopping platform

Jointly developed by TOM Group and the China Post Group, Ulechina (ulechina.com) is a unique B2C e-commerce platform with over a thousand of well-known local and international merchants such as Shiseido, Beijing Tong Ren Tang, Avon, LG and Samsung since its beta launch in October 2009. More renowned brands of premium and authentic goods are expected to join the Ulechina platform in the coming year.

During the year, TOM has continued to show improvement in its e-commerce business. TOM's share of losses in Eachnet was reduced by nearly 50%, driven by continued improvement in operational efficiency and on-going efforts to introduce differentiated products and service offerings. Eachnet partnered with Taiwan External Trade Development Council to open the "Taiwan Zone". The Zone is the only and first online marketplace in Mainland China for selling imported Taiwan foods. Currently, an array of over 300 kinds of Taiwan food products is available.

Publishing – report HK\$74M segment profit with breakthroughs in traditional publishing

The Publishing Group posted revenues of HK\$867 million and segment profit of HK\$74 million amidst a tough operating environment in the traditional publishing market. Despite the adverse impact of the financial crisis in the first half, the advertising revenue of *Business Weekly*, the Group's flagship magazine in Taiwan, rebounded by 60% in the second half. During the year, Cité followed stringent selection process and exercised strict quality control on titles. The Publishing Group continued to receive wide acclaims and managed to make breakthroughs by expanding into digital publishing in the Greater China market following the successful introduction of the Cité official site and the online reading club in Taiwan. Meanwhile, Pixnet is the second leading social networking website in Taiwan and is also the No.1 Celebrity Entertainment Blog in the region.

Launch POPO – the first digital publishing platform in Taiwan

In response to the growing consumption of content online, the Publishing Group had stepped up its digital offerings with the launch of Taiwan's first online publishing platform POPO (www.popo.tw) in December 2009. POPO not only allowed original content to be published, distributed and bought on a single online platform, but also marked an important milestone for Cité's development towards multimedia publishing.

POPO provides a digital platform for writers to present their original works and sell their contents directly to readers using a micropayment system. Readers may buy a copy of the whole book or choose to pay just for the chapter of the book they are interested in. POPO also serves as an excellent platform to test readers' interest on published titles. At present, POPO has secured partnerships with over 30 publishers and 50 authors to provide over 800 pieces of licensed titles. The number of titles is expected to exceed 10,000 in 2010 and reach 1 million within five years. The platform will offer a multifaceted reading experience when it expands its viewing formats from text and images to video in near future. Earlier this year, Cité and Shanda Literature



jointly created a Taiwan version of Qidian (www.qidian.com.tw).

As part of the digital publishing initiatives, Cité made the debut of a handset reading service – “Cité Lifeel” in the first quarter of 2010 with which users may download Cité’s magazines free of charge over iPhone and Android. The contents are categorised into five major areas including design, gardening, watch, travel, home & decoration and presented in the form of video or 3D frame. “Search Home”, the website under the magazine *MyHomeLife*, received The Best Value Added Service Award at the 3rd Digital Publishing Golden Tripod Award 2009.

In Mainland China, Cité has launched a children’s e-book platform Gurubear (www.gurubear.com.cn). The website is well received by readers with average daily page views and visitors recorded double-digit growth quarter-on-quarter. Cité is going to open 10 Gurubear story houses in Beijing that offer online and offline reading service to about 5,000 families. The Gurubear story houses were so popular that CCTV Children’s Channel has also adapted its innovative concept and fascinating content for use.

Going forward, the Publishing Group will continue to introduce innovative products and services which are in-line with its digital strategies, aiming to launch print and digital versions of new titles simultaneously and provide its users with more dynamic reading experience via e-book reader, computer and mobile.

***Twilight* tops Taiwan’s sales in 2009**

The novel *Twilight* and its three sequels published by TOM’s Sharp Point recorded a total print volume of over 860,000 copies. The novel has been ranked top 10 best sellers among Taiwan’s major bookstores and the best seller among online bookstores. The movie based on the novel has also become a blockbuster.

In addition, a number of books published in Taiwan were honored with awards. 《河岸》 (translated title: *Riverside*), *The Heartless Stone* and *Tales From Outer Suburbia* were selected as “Recommended Books” in their respective categories of Chinese original writings, translation works and the best book for youngsters in the Recommended Books 2009 organised by China Times. Moreover, 《拉丁美洲真相之路》 (translated title: *The truth about Latin America*) was awarded Yazhou Zhoukan Top Ten Books 2009. For magazine, *Business Weekly* was awarded with “The Best Business Magazine” for magazine category of the 33rd Golden Tripod Awards.

Outdoor Media – optimise asset portfolio to develop interactive new media

To further improve operational efficiency and flexibility of the outdoor business, TOM repurchased the remaining 35% stake in Outdoor Media Group (“OMG”) from SPH in May 2009. The share buyback allowed TOM to consolidate its control of OMG and realise synergies between its outdoor business and the Group’s other businesses. During the year, OMG has regained growth momentum and reported revenues of HK\$353 million with segment loss reduced by 42% to HK\$44 million.



Develop technology-driven media assets

In response to market's growing demand for digital outdoor media assets in Mainland China, OMG has been working closely with the local authorities and focused its new developments on high margin interactive outdoor media, leveraging our strengths in wireless and online technological capabilities. The Group believes that these products, with physical appeal and superior functionalities, would be able to tailor targeted solutions for advertisers.

Meanwhile, OMG will continue to provide innovative and integrated advertising solutions to local and multinational advertising clients. During the year, OMG has secured advertising with world renowned brands including Ford, Sharp and Bridgestone. The group is also the appointed agent for Amway in certain South China and North China regions.

TV & Entertainment – enhance program offerings and improve ratings; advertising revenue leaps by 60% in 2H

Over the year, CETV has continued to strengthen its program offerings through cooperation with various content partners. By introducing first-run and exclusive premiere of popular drama coupled with effective on-ground marketing programs, CETV was able to boost its ratings and strengthen its relationships and cooperation with clients. With a collection of innovative original productions and popular dramas, CETV is able to provide diverse quality content for TOM's wireless business.

As a result of the continual efforts of the team, CETV is poised for stable and healthy growth with its advertising revenue increased by 60% in the second half compared with the first half. In the review period, CETV reported revenues of HK\$ 154 million while segment loss reduced by 13% over last year to HK\$50 million.

Tailor self-production programs for clients

Launched in August 2009, the self produced talk show *CEO Interview* provided a great opportunity for clients to build their brands and feature their management as industry leaders. In the next season of *CEO Interview*, which will start in May 2010, celebrities and community leaders will be invited to join as hosts for the program, such as Wenny Wang, CEO of Business Weekly Media Group.

During the year, CETV has tailor-made creative and unique entertainment shows for its clients to promote their brands. In addition to popular original programs such as *Beauty First*, *A Beauty's Trick* and *Entertainment Power*, the *Trendy Master* is another popular original program that featured celebrities and artists sharing their views on fashion, cosmetics and fine dining. This kind of premium show not only appealed to audience with strong spending power but also enhanced the image of CETV as a top-notch entertainment channel.

In July 2009, CETV co-organized the *Pepsi Star Concert* together with Pepsi in Guangdong province. Later in November, CETV produced a lifestyle show "Pink Lady" for Watsons, the largest health and beauty retail chain in Asia. With many popular and well-known artists



appearing as guests, the show was well received by the audience.

Reach broader audience demographics with new programs on health food

To further expand its audience base, CETV will launch a series of new programs in 2010. One of the major programs will be hosted by celebrities including Angel Tong, chairman of Angel Face Group featuring gourmet and health food.

Top-notch programs recognised by key industry player, Hunan TV

As CETV's self-production programs increase their popularity in Mainland China, Hunan TV's Mango TV entered into cooperation with CETV. The cooperation will enable audience to access CETV's premium content through various media channels, broadening CETV's revenue streams.

Extend prime time to boost ratings

During the year, CETV has broadcast popular Taiwanese dramas such as *Black and White*, *To Get Her* as well as Korean dramas including *My Wife is a Superwoman* and *Temptation of Wife*. The dramas shown on CETV were all very well received in Mainland China and have expanded the target group to women. Following the success of the previous series of *One Million Star*, CETV will broadcast another new series of *One Million Star* by China Television Co. As a result, CETV's prime time ratings in Guangzhou and Shenzhen in December 2009 increased by over 50% compared with the same period last year. To further boost ratings and expand revenue streams, CETV will be extending its prime time from two hours to three hours of popular overseas dramas.

Create mobile entertainment on an integrated media platform

CETV further extended its range of services to the digital platform to increase user loyalty and stickiness. The launch of m.cetv.com allows users to have access of video clips of artists and CETV's program highlights from their mobile, enjoying an all-round viewing experience via online, offline and mobile.

More multinationals entrust YC with marketing campaigns

As the preferred marketing company of multinational brands, Yang Cheng (YC) had tailor-made innovative marketing solutions for various well-known brands such as Nokia, Vinda, Mentholatum, Nike, adidas and SASA. YC has been the preferred agency for Nokia for consecutive years responsible for organising the innovative and first-of-its-kind "Nokia Experience Van" and "Nokia Music Van Tour" projects that reached over thousands of cities nationwide. Other marketing campaigns during the year include the "2009 NIKE IGNITE YOUR GAME" for NIKE in April 2009 and the fun fair for POTENZA, Bridgestone in June 2009.

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TOM Group Limited

TOM Group Limited (HKEx stock code: 2383) is listed on The Main Board of the Stock Exchange of Hong Kong. A leading Chinese-language media conglomerates in Greater China, TOM Group has diverse business interests in Internet (TOM Online), Outdoor Media (TOM Outdoor Media



Group), Publishing, Television and Entertainment across markets in Mainland China, Taiwan and Hong Kong. In each of the areas it operates, TOM Group has secured market leadership.

The Group was founded in October 1999 as a joint venture between Hutchison Whampoa, Cheung Kong (Holdings) Limited, and other strategic investors. Headquartered in Hong Kong, the Group has regional headquarters in Beijing, Shanghai and Taipei with over 3,000 employees in about 20 cities.

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