



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

Investing in mobile internet, e-commerce and e-reading Innovative applications and services meet the market **TOM posts 16% year-on-year growth in EBITDA**

Hong Kong, 24 March 2011 - 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 year ended 31 December 2010.

Ken Yeung, Chief Executive Officer and Executive Director said, "Eyeing long-term sustainability of business growth, TOM remains committed to innovation and technology, and over the past two years invested in the development of a cloud-based cross-device open platform to serve its users. The Group launched an array of diversified products and services including online shopping, e-reading, mobile infotainment and mobile internet applications etc. During the year, the Group continued to invest in technology and business development, maintaining stable revenues that increased slightly by 1% as compared to the previous year. EBITDA surged by 16% to HK\$122 million."

Mr. Yeung continued, "Whilst tightened regulatory environment, the **Internet** Group was able to maintain its leadership position in the wireless value added services (WVAS) market, and posted revenues of HK\$1,032 million. TOM engaged in the development of cross-device applications and partnered with well-known international handset brand, digital music provider Top 100 and mobile game provider Glu in the launch of device-based mobile services in the area of communications, music and games. It is the Group's target to see over 50% of the new handsets in China embedded with these services by 2011."

"On the other hand, interactive health product Dietmama (www.dietmama.com) rolled out iPhone applications such as calorie counter, pushing forward average monthly growth of 20% in registered users. Since launch, Dietmama continually remained among top 10 free applications under the 'Health & Fitness' category on Apple iTunes App Store, and has from time to time featured in the 'What's Hot' section. Going forward, TOM will roll out more utility and group buying applications."

"By leveraging on its cloud computing technology, TOM delivered diversified content on sports, entertainment and reading, as well as social networking services via internet, handset brands and telecommunication operators. For example, TOM brought to its users exclusive online content of 2010/2011 English Premier League and launched an iPhone application, which ranked among the top on Apple iTunes App Store. E-reading platform Huanjianshumeng (hjsm.tom.com) provides more than 100,000 original fictions. During the year, it partnered with Cité under TOM Group, Chinese Writers Association and numerous Mainland publishers to strengthen its collection and distribute content over mobile offerings of handset brands and the top three operators in the Mainland."



"TOM tuned into the pulse of the Mainland society and formed a joint venture with China Post to launch a localized **e-commerce** platform 'Ule' (www.ule.com.cn). Featuring nationwide coverage, Ule not only aims at servicing online shoppers in Mainland, but also targets at over 80% of the population who do not buy online. The combination of China Post's nationwide EMS logistics and warehousing capabilities and sales network, sales team of 50,000 and 46,000 post office locations, with TOM Group's technological support, expertise in cloud computing and experience in e-commerce operation, enables Ule to offer unique sales, logistics and warehousing services online and offline. The virtual distribution center (VDC) system, an innovative one-stop logistics and warehousing system that connects directly with China Post's logistics system, enhanced offline merchants' efficiency in order fulfillment. Merchants are also offered an affordable entrance to establish their e-commerce channels in China."

"Ule enables users to access a wide selection of authentic goods and quality services. Ule prepaid card, a unique settlement tool issued and sold nationwide via the Ule online platform as well as post office locations and corporate client sales team of China Post, received positive response since its launch in January 2011. Sales in its first month approximated RMB100 million."

"CETV, under the **TV & Entertainment** Group, restored 95% coverage in Shenzhen. During the year, CETV made further investment in self-produced programmes, which grew by 25% as compared to the previous year. Syndication income increased by more than 3.3 times in the year, while advertising income increased by 15%. CETV content is distributed via various channels including TOM portal, CETV official website (www.cetv.com) and mobile client (m.cetv.com). The official CETV iPhone application was also launched to offer CETV entertainment news, video-on-demand and update programme billing etc, attracting over 10,000 downloads in the first month since launch. Extension of service to cover Android and MTK handsets is in the pipeline. In the course of the year, TV & Entertainment Group reported 36% growth in revenues."

"Each of the business arms under the **Publishing** Group reported exciting results on simultaneous growth of book sales and advertising income. Segment profit thus surged by over 36%. *Business Weekly* also posted 29% increase in advertising income as compared to the previous year. The Group invested in technological research and development to push forward growth in digital publishing. As e-books, e-reading devices, mobile applications, book websites and social network products rolled out, diversified content was provisioned via various digital distribution channels."

"The full range of e-publishing and e-reading services introduced by Cité was impressive. 42 book website has been rolled out to-date. Content creation online platform POPO (www.popo.tw) saw rapid growth in its first year, with the number of authors increased by nearly 4 times to over 3,000, while number of titles grew by nearly 4 times to around 4,000. The Publishing Group has rolled-out nearly 500 e-books, coupled by mobile reading applications 'Lifeel' and 'E Reading Now' which met readers over iPhone and iPad. More than 500 new mobile reading applications are expected to launch in 2011. Social media website Pixnet (www.pixet.net) launched the 'Mobile Control Panel' mobile application for iPhone users. Its self productions *Love Harbour* and *4 People in Bed* took website daily page view to over a million. According to Alexa, Pixnet had the 9th highest traffic among Taiwan websites as at September 2010. Gurubear child e-reading platform (www.gurubear.com.cn) launched a new 'Tellybear' e-reader and posted encouraging



growth. It is expected that the operation of Gurubear storybook houses will expand from 8 to around 50 in 2011."

"In February 2011, TOM's digital publishing business leapfrogged as Cité announced a partnership agreement with Kodansha, one of the largest publishing groups in Japan. The two groups will jointly develop digital publishing business, including production, marketing and sales of digital content, with a view to tap the digital content markets of Chinese-language regions including Taiwan, Mainland China and Hong Kong etc."

"The **Outdoor Media** Group (OMG) progressed in consolidation and optimization of media assets and enhanced operational efficiency. Subsequent to appointment as an advertising agent for the major outdoor media assets in Shanghai owned by Shanghai Media and Entertainment Group, OMG has an additional 19% portfolio for advertising clients to choose from. During the year, occupancy rate of media assets increased to 72%."

Going forward, Mr. Yeung said, "TOM Group will remain on the edge of internet technology and launch more visionary products and services. In response to the emerging mobile application market, we will bring together the technology and content resources across business segments to develop unique handset-embedded products and services and extend content distribution channels in 2011, with a view to push forward business growth. Following the Group's investments in technology evolution over the past two years, it is expected that the launch of services, complemented with efficiency in operation, will strengthen our financial performance."

Financial Highlights:

- Group revenues were HK\$2,464 million
- EBITDA was HK\$122 million
- Operating loss before one-off items was HK\$81.5 million
- Loss attributable to equity holders of the Company was HK\$168 million
- Loss per share was 4.31 HK cents

HK\$'000	For the year ended 31 Dec	
	2010	2009
Revenues	2,464,227	2,435,753
EBITDA*	122,248	105,714
Operating loss [#] before one-off items*	(81,487)	(59,665)
Loss attributable to equity holders of the Company before one-off items*	(156,438)	(144,690)
Loss attributable to equity holders of the Company	(167,952)	(60,511)
Loss per share (HK cents)	(4.31)	(1.55)

* Before gain on acquisition of additional interests in a subsidiary (2010: Nil; 2009: HK\$90,879,000), and provision for impairment of goodwill and other assets (2010: HK\$11,514,000; 2009: HK\$6,700,000)

[#] Including share of results of associated companies and jointly controlled entities



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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 conglomerate in Greater China, TOM Group has diverse business interests in Internet (TOM Online), E-commerce, 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 around 3,200 employees in about 20 cities.

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