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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

LATEST BUSINESS UPDATE

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The Board is pleased to report the Group's unaudited quarterly results for the three months ended 31 December, 2000. Key highlights are:

- Tom's cross media initiatives bolstered fourth quarter turnover to HKD70 million (equivalent of USD9 million) representing 4.3 times increase over third quarter revenues.
- Total online operating expenses for the fourth quarter were HKD77 million, 40% lower as compared with HKD127.8 million for the third quarter. Total online operating expenses for the month of December, 2000 were HKD29.4 million, 31% lower as compared with HKD42.3 million for the month of September, 2000. As a result, the Group's operating loss has narrowed to HKD59,159,000, representing a 53% improvement over the third quarter.
- The integration of newly acquired businesses created a nationwide offline media platform in Mainland China and boosted online growth in users and page views.

The results described below are based on the unaudited management accounts of the Group for the three months periods ended 31 December, 2000 and 30 September, 2000. Tom expects to announce its audited consolidated results for the year ended 31 December 2000 on or before the end of March 2001.

Shareholders of Tom and public investors are advised to exercise caution when dealing in the shares of Tom.

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The Board is pleased to report the Group's unaudited quarterly results for the three months ended 31 December, 2000.

Financial Achievements (based on the unaudited management accounts for the three months period ended 31 December, 2000)

- Recorded HKD69,985,000 in turnover, a substantial increase of 4.3 times over the previous quarter.
- Offline business was consolidated into Tom for the first time, delivering about 49% of the turnover and demonstrating the contribution potential of the cross-media strategy.
- Online media-related revenues jumped 215% over the prior period, benefiting from integration of acquired online businesses and synergies with the Group's new offline operations.
- Loss attributable to shareholders was substantially narrowed by 52% to HKD78,325,000 over the prior period as a result of revenue growth and stabilised spending on website development and advertising.
- Monthly operating expenses for the online operation were slashed by a further 31%, and were held below HKD30 million per month across the Group's online businesses.
- At the same time, online operations saw substantial growth in page views and registered users to 47 million and 12.5 million respectively at the end of December, 2000.
- The Group's cost structure for online operations is now amongst the lowest in the industry and it is well on its way to achieving leading competitive position.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months ended 31 December 2000 and 30 September 2000

	Notes	Three months ended	
		31 December 2000 HKD'000	30 September 2000 HKD'000
Turnover		69,985	13,221
Cost of sales		43,877	8,344
Interest income		(15,874)	(10,651)
Website development expenses		28,092	44,814
Advertising and promotion expenses		15,397	31,093
Depreciation and amortisation		22,194	13,979
General and administrative expenses		35,458	51,908
Operating loss		59,159	126,266
Provision for restructuring costs	2	6,278	31,439
Share of losses of associates		1,212	11
Share of losses of jointly controlled entities		8,730	6,142
Loss before taxation		75,379	163,858
Taxation	3	3,147	–
Loss after taxation		78,526	163,858
Minority interests		201	–
Loss attributable to shareholders		78,325	163,858

Notes:

1 Basis of preparation

Tom was incorporated in the Cayman Islands on 5 October 1999 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. Tom's shares have been listed on the GEM operated by the Stock Exchange since 1 March 2000.

Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of Tom's shares on the GEM, Tom became the ultimate holding company of the Group. Details of the Reorganisation are set out in the Prospectus of Tom dated 18 February 2000. The results of the Group comprise the results of all companies now comprising the Group from their respective dates of incorporation or acquisition by the Group, whichever is later.

The principal accounting policies adopted in preparing the unaudited consolidated results conform with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants.

2 Provision for restructuring costs

This represent costs incurred and to be incurred in connection with the realignment of resources exercise for our Hong Kong portal operations.

3 Taxation

	Three months ended	
	31 December 2000 HKD'000	30 September 2000 HKD'000
Hong Kong	161	—
PRC income tax	2,986	—
Total	<u>3,147</u>	<u>—</u>

Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profit for the period. PRC income tax has been calculated on the estimated assessable profit for the period at the rates of taxation applicable to enterprises in the PRC.

No recognition of the potential deferred taxation asset relating to tax losses has been made as the recoverability of this potential deferred taxation asset is uncertain.

The above financial information is based on the unaudited management accounts of the Group for the three months periods ended 31 December, 2000 and 30 September, 2000, and may be subject to change. Tom expects to announce its audited consolidated results for the year ended 31 December 2000 on or before the end of March 2001. Shareholders of Tom and public investors are advised to exercise caution when dealing in the shares of Tom.

Recent Corporate Development

- Tom drove ahead with its cross-media strategy and undertook two major partnerships and investment opportunities in support of the strategy in this quarter: –
 - An agreement to acquire a 50% stake in Maya Cultural to further strengthen Tom's position in Shanghai's outdoor media business;
 - A memorandum of understanding with Ming Pao group to acquire 50% of Chinese news weekly, Yazhou Zhoukan.
- Tom's interests in these valuable media assets including its first diversification into print media assets, will further bolster its leadership as a cross-media player and increase the synergies of its cross-media strategy.
- Tom also progressed its objective of establishing a competitive position in access and related communications service businesses through a joint venture with two subsidiaries of Great Wall Technology Company Limited which will provide broadband value-added services to PRC residential communities.

Cross Media Advertising Achievements

- The Group's advertising client base increased from 100 to 600 as at 31 December 2000 after aggregating clients of YC Press, Fench Star, 163.net and shawei.com. There was relatively little overlap in these client bases.
- The Group has initiated cross-selling initiatives aimed at integrating its sales efforts relative to all Group customers across all of the Group's online and offline media assets.
- Tom's successful integration of 163.net has given advertisers access to 12.5 million users, the largest online e-mail subscriber base in the Mainland China.

- Tom's cross media approach has successfully positioned Tom amongst advertisers and agencies as a provider of one-stop, cost effective advertising solutions. Steps taken to create various product choices and combinations, from event sponsorship to e-mail marketing, resulted in increase in client reach and advertising revenues across all Tom properties, and, more importantly, are enabling Tom to derive more value from rapidly growing its online traffic and user base.
- YC Press' offline customer, Philips, a sponsor of the 2001 nationwide inter-university soccer games in the Mainland China, also became an online customer, proving that Tom's cross-media selling strategy is bringing in results. Tom was also selected by the Kunming Horticultural Show to provide online promotional support through the introduction of Tom's other offline business, Fench Star.
- Tom is continuing to develop a high performance and cost effective sales organisation through integration, training and development. Tom has a strong regional sales presence in major cities of the PRC, and is in the course of establishing broader regional sales networks comprised of independent sales representatives, satellite offices and advertising agency networks.
- Tom will continue to devote efforts to offer its offline clients bundling opportunities with its online properties.

Operations Review

- At the end of December 2000, combined page views across Tom's web properties grew to 47 million, with 12.5 million registered users, largely due to growth of Tom's Beijing portal and the integration of 163.net.
- Tom has undertaken integration initiatives to enhance its online content offerings which included the successful merging of the content of 163.net and Tom, and the enrichment of Tom's online sports content through the incorporation of shawei.com. Tom has also successfully exploited the advantages of an integrated platform, resulting in increased user traffic across all platforms.
- During the period, Tom officially launched PRC's first voice portal, TOM Voice, which was well received with a daily user access rate of over 6,000 minutes. Tom is also exploring opportunities to utilize this unique application to provide other businesses, such as retail and restaurants, with value-added services for their targeted clientele.
- Rationalization of resources at newly acquired companies produced impressive initial results in content aggregation, technological applications and reduced administrative overheads. A good example was 163.net's integration of Tom's proprietary content on its site, which has generated a significant increase in user traffic, further cementing 163.net's position as PRC's premier e-mail service provider.
- Tom's Beijing technology team has initiated a business applications service unit to support Tom's broader objective of establishing a competitive position in access and related communication service businesses.

DEFINITIONS

“Board”	means the board of Directors of Tom
“Director(s)”	means the director(s) of Tom
“Fench Star”	means 昆明風馳明星信息產業有限責任公司 (Kunming Fench Star Information Industry Limited)
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	means Tom and its subsidiaries
“HKD”	means Hong Kong dollars
“Mainland China”	means the People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“Maya Cultural”	means 上海美亞文化傳播有限公司 (Shanghai Maya Cultural Transmission Company Limited)
“PRC”	means the People’s Republic of China
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Tom”	means TOM.COM LIMITED
“USD”	means United States dollars
“YC Press”	means Y.C. Press Advertising Limited

USD1 = HKD7.8

By Order of the Board
TOM.COM LIMITED
Sing Wang
Chief Executive Officer
and
Executive Director

Hong Kong, 18 January, 2001

This announcement, for which the Directors of Tom collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Tom. The Directors of Tom, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: – (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of Tom at www.tom.com.