



## **TOM.COM LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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## **TOM.COM LIMITED**

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### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2000**

#### **Financial Highlights:**

- The Company's cross media initiatives strengthened TOM's fourth quarter turnover to HK\$70 million (equivalent of US\$9 million) representing 4.3 times increase over third quarter revenues.
- Total online operating expenses for the fourth quarter were HK\$77 million, 40% lower as compared with HK\$127.8 million for the third quarter. Total online operating expenses for the month of December 2000 were HK\$29.4 million, 31% lower as compared with HK\$42.3 million for the month of September 2000. As a result, TOM's operating loss has narrowed to HK\$59,159,000, 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 pageviews.

TOM has recorded a net loss attributable to shareholders for the year ended 31st December 2000 of HK\$436,074,000, representing a basic loss per share of HK15.10 cents.

The audited consolidated results for the year ended 31st December 2000 and the comparisons with last year are set out in the accompanying table.

#### **CHAIRMAN'S STATEMENT**

Tom was the first Internet company to list on Hong Kong's newly established GEM in March 2000. Our initial public offering was one of the most successful in the Company's sector, as well as on the GEM, raising proceeds of HK\$876 million. Despite a seriously deteriorating environment for technology and media-related issuers globally throughout the year, particularly in the second half of the year, the Company has maintained its access to equity markets and a highly competitive cost of equity capital. In September of 2000, the Company raised an additional HK\$478 million. At year-end, TOM had liquid assets of just under HK\$1 billion.

Tom's strong financial profile and highly competitive cost of capital have enabled it to grow rapidly in its first year, despite the difficult environment in its sectors. Through development and acquisition, it had already established itself as a leading competitor in Greater China online media operations by the third quarter. In the third and fourth quarters, the Company launched and successfully executed key steps in a cross media strategy. This has enabled it to participate in attractive and profitable media-asset operations in Greater China, to enhance its online content offerings, and to consolidate advertising and related sales and distribution resources across Greater China to the shared benefit of its online and offline businesses. This strategy, together with a conservative and disciplined approach to the overall cost structure, has positioned Tom well for continued growth in 2001.

## **Financial Highlights**

Total revenue for the financial year ended 31st December 2000 amounted to HK\$89 million, an increase of 26.5 times over the pro-forma 1999 revenue. Revenues from online media-related and offline media were HK\$55 million and HK\$34 million (61% and 39% of the total) respectively for the year. Fourth quarter revenue was HK\$70 million versus first quarter revenue of HK\$0.7 million, representing a 94-fold increase and demonstrating solid early returns from the cross media strategy.

Through disciplined cost management, operating expenses for online operations have been substantially reduced since mid-year. By year-end December 2000, TOM's monthly online operating expense base was HK\$29.4 million, a highly competitive cost structure compared to its competitors.

Operating loss for the year ended 31st December 2000 was approximately HK\$383 million, largely due to start-up investment costs incurred in the first half of the year. The full year operating loss is lower than that was widely anticipated. Start-up investment costs were primarily incurred to build the Tom brand and key technology platforms.

A total of HK\$876 million was raised from the initial public offering in March, and a share top-up placement and subscription exercise in September raised an additional HK\$478 million. At the year-end, TOM's cash position was just under HK\$1 billion.

## **Outlook**

I look forward with confidence to 2001, based on the solid foundation laid by Tom in 2000. In a continuing difficult environment for technology and media-related issuers, Tom's financial profile, strict cost discipline and solid recurrent revenue base leave it well positioned against comparatively weak competitors. It is our objective that Tom should continue to capitalise on this advantage and seek out further growth opportunities in 2001. Indeed, I believe Tom's future is particularly bright given its focus on the Greater China market and the current healthy growth and prospects for that market, particularly in anticipation of the Mainland China's accession to the World Trade Organization later this year.

Finally, I would like to thank my fellow directors, our executives, management and all of our employees for their excellent support and hard work throughout 2000. I am fully confident that Tom's team will be a winning one in 2001.

**Frank Sixt**  
*Chairman*

Hong Kong, 19th March, 2001

## **OPERATIONS REVIEW**

Tom's business operations expanded in respect of both the consumer Internet and cross media businesses in the first year of the Company's listed history. The Company is positioned to become a leader in the Internet, media and advertising industries in Greater China.

In the first half of the year, the Company focused on building a consumer Internet platform. Following the launch of the Tom portal in Hong Kong and Mainland China in mid-year, Tom acquired 163.net and Shawei.com--the largest free web-based e-mail service provider and the leading sports portal in Mainland China. After integration of these assets, Tom's portal emerged as a leader in Greater China. Daily pageviews were 47 million with the major sites audited and registered users reached 12.5 million as of December 2000. Fourth quarter online media-related revenue was HK\$36 million.

In the second half of the year, the Company laid the foundations of its cross media platform by acquiring three media companies in Mainland China – YC Companies, sports advertising and event management group operating throughout Mainland China; Fench Star, an outdoor media advertising company based in Western China; and Shanghai Maya Cultural, an outdoor media company based in Shanghai. Sales integration began at year-end to enable the companies to cross sell their online and offline products and leverage each other's key strategic accounts.

The directors are of the view that the cross media businesses acquired in the second half of the year complement the existing core consumer Internet business of the Company. Therefore, the general character or nature of the Company's businesses remain intact.

## **Consumer Internet**

### **CN TOM**

In July 2000, Tom's Mainland China portal, CN TOM, was launched with 12 vertical portals including news, history, literature, games, pop-tech, entertainment, science, finance, military, fashion, city life and sports. Depth and breadth of content is one of CN TOM's strengths,

with pop-tech, literature and games showing particularly strong user response. By the end of year, CN TOM offered 18 content channels adding careers, campus life, language, travel, police affairs and property. A key feature of the site is the Autonomy artificial intelligence engine. Based on the users' profile, Autonomy is able to search the web for content, and offer related links and pages.

CN TOM has a strong technology research and development team that has produced a wide range of applications and technologies. The portal's functionality and applications give it a strong competitive edge. During the year, CN TOM launched TOM-Q Personal Edition, which enables users to chat online through voice and text. A second Enterprise Edition will add features such as video and Internet telephony alongside the existing audio. MyTOM, powered by natural language technology, is a virtual community where users can personalize content. TOM WIRELESS, a wireless-enabled platform, provides content and applications via WAP or short message service. Also, in the fourth quarter, CN TOM launched Tom's English language portal to reach the non-Chinese speaking audience.

CN TOM expanded the distribution of its content onto different platforms. TOM VOICE, China's first voice portal, was launched in the third quarter. TOM VOICE gives users access to Internet content via the telephone. Combining a back-end voice recognition engine with a front-end voice activated interface, users can access content and services such as stock quotes, airline schedules, hotel reservations, taxis, restaurant bookings, world news, movie screenings, weather and world time. TOM VOICE also allows users voice access to personalized services such as e-mail and web-based contacts and calendar information. Shortly after its launch, TOM VOICE achieved a daily usage of over 6,000 minutes. By December 2000, CN TOM's daily pageviews numbered 22 million, with registered users reaching 1 million.

## **HK TOM**

Tom's Hong Kong portal, HK TOM, was launched in June 2000 with channels covering news, finance, games, pop-tech, movies, music, travel and lifestyle. The pop-tech and entertainment channels have the highest traffic. The China Vision channel is unique amongst competitors in Hong Kong. It offers content and web-based multimedia documentaries on topical themes and issues related to China.

HK TOM has a loyalty program that offers reward points, or TOM DOLLAR, depending on users' activities. The program comprises a network of more than 200 merchants. Other highlights on HK TOM include customized e-cards, interactive news desks, multimedia chatrooms and live celebrity chats.

TOM'S SHOP, an e-commerce platform, offers a range of Tom-branded and non Tom-branded products. Tom's Online Payment solution, TOP, is an exclusive service accessed via TOM'S SHOP. It allows the Orange mobile phone subscribers to conduct payment through an SMS-based authentication process. Transaction conducted via TOP are

invoiced on the subscriber's mobile phone statement, offering a convenient alternative to credit card payment. TOM.KID, exclusively on sale in TOM'S SHOP, is the action figure collection created by Michael Lau. The collection quickly became one of the most soughtafter among action figure fans. This product proved the effectiveness of running limited-edition promotional e-commerce campaigns, and HK TOM will continue to develop such unique product offerings in the future.

HK TOM delivers unique multimedia online and offline content offerings, such as online webcasts and chatshows with entertainment and sports celebrities, including Ruby Lin, Sophie Marceau, Liu Xuan, Fu Mingxia and other members of the China National Olympic Team. Other activities include technology training seminars, such as events run with Macromedia on its Flash, Dreamweaver and Freehand products; movie and concert sponsorships including "Crouching Tiger, Hidden Dragon" and Leslie Cheung's Passion Tour. Daily pageviews numbered 1.2 million as at 31st December 2000, with registered users reaching 140,000.

### **163.net**

Tom gained effective control of 163.net through an agreement with Freenet Information Technology Co. Ltd. in September 2000. The consideration was HK\$374.4 million.

163.net, founded in 1998, is one of the pioneers in the Mainland China Internet world. It was the first company to offer free web-based e-mail. Its development has followed the growth in the Chinese Internet population. As the "Hotmail of China", its brand is synonymous with the Internet experience in Mainland China. 163.net is now the largest free e-mail service provider in Mainland China. It ranked sixth amongst Mainland portals, according to the CNNIC survey of December 2000, which ranks Internet portals according to user traffic. 163.net's assets include one of the largest databases of Chinese users. Daily pageviews numbered 16 million as at 31st December 2000, with registered users reaching 11 million.

163.net will be introducing a subscription-based e-mail service with additional features such as enhanced mailbox capacity, fax-to-e-mail transfer and e-mail service via voice. To date, it has built a strong presence in the major cities such as Shanghai, Beijing and Guangzhou where the bulk of existing users are located. 163.net is now proceeding to penetrate the second level of Mainland China's urban areas, including cities such as Chengdu and Wuhan, where the largest growth in Internet users is anticipated over the next few years.

### **Shanghai Maya Online**

In July 2000, Tom concluded an agreement to acquire 50% of Shanghai Maya Online for a consideration of approximately HK\$218.5 million. Shanghai Maya Online is one of China's largest broadband content providers. It also operates a narrowband business covering eight portals with aggregate daily pageviews reaching approximately 1,000,000 as at 31st December. Total registered users numbered 100,000.

The news portal, cnnews.com, provides around 1,000 daily news feeds and is one of the most comprehensive real-time general news services amongst Mainland China's larger online news media. Shanghai Maya Online's city guide site, cncities.com, is the leading provider of electronic destination guides. The police information site, china110.com, is a key source of information on the police and security matters.

Shanghai Maya Online has more than 20,000 hours of broadband content. In October 2000, Shanghai Maya Online broadcast its first batch of VOD programs via the Shanghai Telecom broadband network. This was simultaneously made available through Shanghai Maya Online portals. The company is building a series of broadband channels to cover a range of subjects including international news, global military, police information, China travel, China entertainment, modern living, nation and religion. Shanghai Maya Online will aim to secure distribution channels through partnerships with different broadband networks, large residential communities and commercial organizations.

### **GreaTom**

In December 2000, Tom entered into a joint venture agreement with Great Wall Computer Software & Systems Ltd. and Great Wall Technology Company Ltd. to set up GreaTom. Tom has a 70% interest in GreaTom. GreaTom will primarily be engaged in the provision of broadband Internet value-added services such as various broadband content aggregation, related system integration and software development. Through cooperation with other content providers, aggregated broadband content and services provided include news, e-mail, online games, community information, online stock trading and financial services, VOD, online education and e-commerce.

### **Shawei.com**

Shawei.com was launched in July 1999 as the first dedicated sports website in China. In September 2000, Tom entered into an agreement to purchase 100% of Sharkwave Asia Pacific Limited, the owner of Shawei.com for a total consideration of approximately HK\$116 million. Shawei.com is Mainland China's leading sports portal, and one of the most recognized online sports brand names. As of year-end, Shawei.com recorded daily pageviews of 1 million and achieved an average of 2 million pageviews during the Olympics. Registered users reached 112,400 in December 2000.

Shawei.com offers the best sports news service amongst Mainland China portals. Its features include contributions from some of the more prominent sports reporters on the Mainland. It also works closely with different sports media including Sports Weekly, Soccer and China Sports Daily. It has extensive coverage on the national and international soccer scenes. The site is also a pioneer in producing online multimedia sports content.

Shawei.com signed exclusive sponsorship contracts with seven Olympic athletes, including Xiong Ni, of the national diving team, Kong Ling Hui and Wang Nan of the national table-tennis team, and Ge Fei of the national badminton squad. These sports celebrities have allowed Shawei.com to create a strong online user community. The users can follow the lives of these athletes, with activities ranging from live chats to write-ups in their training diaries. The site has hosted the official Adidas website in China since the end of 2000 and is working with Volkswagen, Nokia and Coca-Cola on a range of sponsorship activities.

### **E-commerce Initiative – ECLink**

ECLink provides electronic custom clearance services. It has developed EDI customs declaration software for companies to issue their custom declarations directly to Shenzhen Customs. It now serves over 80 businesses including shipping companies, import/export companies, manufacturers with import/export license and those operating in the tax-free zone in Shenzhen. The company will also explore the feasibility of introducing this EDI service to other major Chinese cities including Dalian and Tsingtao.

### **Integration of Consumer Internet Businesses**

In the third and fourth quarters, Tom focused on integration of the newly acquired online businesses. The Company has successfully eliminated overlapping core functions amongst all the properties in the areas of content production, technology, finance and administration. This has reduced both headcount and operating costs. Online operations in Mainland China now have a total of approximately 350 staff.

The Hong Kong online business was also restructured. Cost cutting was targeted at content production, technology and bandwidth costs and the overall headcount was reduced. As a result, operating expenses have been lowered and a leaner cost structure is now in place. Total headcount for the online operation in Hong Kong is around 60.

The Company's sales function has been centralized through integration. All sales teams report centrally to Hong Kong with commission and compensation structures unified across the Company. Each sales team is able to sell the Company's entire product portfolio to individual clients, thereby maximizing the reach of individual properties. Regional sales offices have been set up in Beijing, Shanghai, Guangzhou and Hong Kong. Steps are being taken to set up satellite offices in second-tier markets.

Integration of content, functionality and technology platforms has enhanced performance of the unified platform. Particularly effective has been the integration of the large user base from 163.net with the content offerings and functionality on CN TOM. This combination has given the integrated portal a large increase in reach, pageviews and duration of each user visit. Further steps will be taken to dissect the user profiles of the 163.net database to target content and advertising to particular user profiles.



The integration process has enabled Tom to build a strong online platform under one brand with localized content stations in Beijing, Shanghai and Guangzhou. With this unified online platform, the Company will be able to maximize synergies across the different properties as well as with other offline assets.

## **Cross Media**

### **YC Companies**

YC Companies was established by Yang Cheng Evening Post of Guangdong. Tom acquired a majority 70% interest in YC Companies for a total of approximately HK\$236.6 million in October 2000.

As an independent sports event organizer and a media and advertising agency, YC Companies has helped numerous local and foreign enterprises such as Mentholatum, Ericsson and Hilton Tobacco Company build their brands and establish their corporate images in China. The company also manages sponsorship and marketing of sports events for corporations such as Philips and Vinda. Products offered to clients include media placement, press publicity, media representation, event promotional support and brand building. The company has developed long-standing relationships with key international and local clients such as Coca-Cola, British-American Tobacco and Truly International Holdings Limited.

Major sports events in 2000 include the “Vinda National Volleyball League”, “Philips China Football Association Cup” and “Philips College Football League”. YC Companies also participated in the production of a number of sports TV programs that are syndicated to television stations in Mainland China. “Sports Report”, a popular sports program on Beijing TV and 25 other TV stations in Mainland China, is jointly produced by YC Companies and three Mainland China TV stations. The program boasts an average viewership of 50 million.

### **Fench Star**

Fench Star was founded in 1992 by a team of media advertising professionals in Kunming, Yunnan province. In December 2000, Tom entered into an agreement to acquire 100% economic interest in Fench Star for approximately HK\$294.8 million.

Fench Star is one of the largest outdoor media and advertising companies in Mainland China. It is particularly strong in the western region of the country. It owns 70% of the outdoor advertising space in Yunnan. From its head office in Kunming, Fench Star also offers nationwide agency services from 19 major cities. Fench Star has over 300 customers who have been with the company for at least 5 years. These key clients range from local tobacco companies like Red Pagoda Tobacco Group to automobile clients such as General Motors, Shanghai SAIC-Volkswagen and international brands like Coca-Cola, Walmart and Toshiba.

The company will continue to dominate the outdoor advertising market in western China while further expanding its network of prime outdoor media assets in the major cities, including Beijing, Shanghai, Guangzhou and Shenzhen. Building on this extensive portfolio of media assets, Fench Star will expand into more sophisticated outdoor product designs, such as digital color displays and rolling billboards.

### **Shanghai Maya Cultural**

Shanghai Maya Cultural is an outdoor advertising company established in 1999 in Shanghai by the Maya Group. In December 2000, Tom signed an agreement to acquire a 50% equity interest or 50% economic interest and benefit in Shanghai Maya Cultural for HK\$171.37 million.

Shanghai Maya Cultural owns premium outdoor media assets in Shanghai, including 2,600 units of bicycle shelter advertising billboards in both residential and commercial districts, and over 1,200 units of “110” police reporting lightboxes. Total advertising space amounts to about 8,500 square meters. Apart from owning advertising inventory, Shanghai Maya Cultural also acts as an advertising agency for Shanghai Maya Audio Video Company Limited’s chain of audio-visual stores, and other third party media assets.

The company plans to establish the largest outdoor media network in Shanghai and extend into other major cities, including Beijing, Dalian, Chengdu, Shenzhen and Jilin. Shanghai Maya Cultural will maximize its synergy with Tom’s other media properties in particular Fench Star. These two companies will share their customer bases, management expertise, and will offer outdoor advertising packages across different cities in Mainland China.

The transaction is pending completion. Details are as disclosed in the circular dated 15th January 2001 of the Company.

### **Tom’s Cross Media Platform**

Tom’s cross media strategy has successfully positioned the Company as a leading provider of “total advertising solutions”. The Company has adopted a key account strategy. It is building on the relationships established by the offline companies with international and national clients and further leveraging its product inventory across a wider platform.

Tom is able to bundle traditional and new media assets into different configurations of product packages according to client needs. This enables the Company to offer the package at a more competitive rate and hence secures a larger allocation of each client’s budget. This strategy has resulted in an increase in client reach and advertising revenues across all of Tom’s properties, and the Company is able to monetise the online inventory more effectively. Accordingly, as at the end of 2000, the advertising client base for all online and offline media properties reached 600.

The combined strengths of Shawei.com and YC Companies in the Mainland China sports market has enabled Tom to offer integrated online/offline packages in sports content and event management. Tom's Olympics initiative was an example of its cross media strategy. Exclusive contracts were signed with seven of Mainland China's top Olympic athletes to create multimedia content and online/offline promotional events. Tom also co-produced a multimedia Olympics coverage program with eight Mainland China TV stations. Total revenue generated from the Olympics cross media initiative was HK\$21 million. New advertising clients signed during the Olympics included Adidas, Coca-Cola, Compaq, Ericsson, Siemens and Sony.

## **Other Businesses**

### **AASTOCKS.com**

AASTOCKS.com is a 50:50 joint venture between Tom and US online stock trading expert All Asia Financial LLC. Tom's total investment was approximately HK\$46.8 million. AASTOCKS.com was officially launched in August 2000, with the aim of providing financial information and stock analysis through its proprietary artificial intelligence technology. Contracts have been signed with over 20 major brokerages to offer B2B and B2C value-added services. Other developments include the launch of a comprehensive service allowing users to access US stock prices, and a website dedicated to the Mainland China market.

### **GoChinaGo.com**

Tom partnered with China Travel Network Co. Ltd. to form itravel Limited which creates Mainland China travel-related content and provides online travel agency services under GoChinaGo.com. Tom owns 55% of the company with an investment of approximately HK\$30.9 million. GoChinaGo.com was soft launched in April 2000 with comprehensive China travel-related information in English, Japanese, Korean and Chinese. GoChinaGo.com offers B2C e-commerce services including flight reservations, hotel rooms and packaged tours. It is also developing outbound travel business in Mainland China through cooperation with China Travel Network.

### **She.com**

In May 2000, Tom invested HK\$19.5 million for a 35% stake in She.com. She.com is a women's portal and was officially launched in August 2000. Its aim is to build an online community for Asian women. Besides a variety of content and community features, She.com launched an inventory-free e-commerce platform, carrying overseas lifestyle merchandise sourced from consignment partners. During the year, She.com organized fashion shows in collaboration with brands such as Marie Claire, Chloé and Max & Co., successfully raising awareness of the site amongst its target audience.

## OneAsia.com

Tom owns a 31% interest in OneAsia.com, an online retailer specializing in distributing Asian music, movie and entertainment products. In January 2001, OneAsia.com decided to cease its operations after evaluating different alternatives on shortening the timing of path to profit. OneAsia.com is in the process of exploring ways to liquidate its assets, which include its content, customer database and e-commerce engine in order to realize the most value for its shareholders' investment.

### **AUDITED CONSOLIDATED RESULTS 2000**

The Directors of the Company are pleased to announce the audited consolidated results of TOM for the year ended 31st December 2000, together with comparative figures for the year ended 31st December 1999 as follows :

	Notes	2000 HK\$'000	1999 HK\$'000
<b>Turnover</b>		<b>89,223</b>	<b>3,240</b>
<b>Direct expenses</b>		<b>56,134</b>	189
<b>Interest income</b>		<b>(80,634)</b>	(410)
<b>Website development expenses</b>		<b>145,264</b>	26,879
<b>Advertising and promotion expenses</b>		<b>120,635</b>	7,364
<b>Depreciation and amortisation</b>		<b>61,710</b>	6,176
<b>General and administrative expenses</b>		<b>169,450</b>	16,381
<b>Operating loss</b>		<b>383,336</b>	53,339
<b>Restructuring costs</b>	2	<b>37,717</b>	–
<b>Share of losses of jointly controlled entities</b>		<b>16,190</b>	–
<b>Share of losses of associates</b>		<b>6,230</b>	–
<b>Loss before taxation</b>		<b>443,473</b>	53,339
<b>Taxation</b>	3	<b>3,147</b>	–
<b>Loss after taxation</b>		<b>446,620</b>	53,339
<b>Minority interests</b>		<b>10,546</b>	279
<b>Loss attributable to shareholders</b>		<b>436,074</b>	53,060
<b>Loss per share</b>	4	<b>15.10 cents</b>	2.31 cents

Notes:

## **1. Group reorganisation and basis of preparation**

The Company was incorporated in the Cayman Islands on 5th October 1999. On 1st March 2000, the Company's shares were listed on the GEM operated by the Stock Exchange.

Pursuant to the Reorganisation in preparation for the listing of the Company's shares, the Company acquired the entire share capital of Alexis through share swap and the net assets of other business by cash from the major shareholders of the Company, Hutchison Whampoa Limited, Cheung Kong (Holdings) Limited and certain strategic investors. The Company became the ultimate holding company of the companies within TOM as at the date of the Reorganisation. Details of the Reorganisation are set out in the prospectus of the Company dated 18th February 2000.

Both the Company and Alexis are under common control and the shareholders and their rights remain unchanged before and after the Reorganisation. Merger accounting is therefore adopted in the preparation of TOM's consolidated results pursuant to the Statement of Standard Accounting Practice 2.127 "Accounting for group restructurings" issued by the Hong Kong Society of Accountants. The consolidated results of TOM for the year ended 31st December 2000, including the comparative figures, are prepared on a combined basis as if Alexis and its subsidiary, ECLink, had been in TOM since 1st January 1999. The comparative figures of the consolidated results for the year ended 31st December 2000 have been restated to reflect the adoption of the merger accounting.

The principal accounting policies adopted in preparing the audited consolidated results conform with accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants and effective for the year ended 31st December 2000.

## **2. Restructuring costs**

This represented mainly redundancy costs and loss on disposal of fixed assets incurred in connection with the realignment of resources exercise for the Hong Kong portal operations.

## **3. Taxation**

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year. PRC income tax has been calculated on the estimated assessable profit for the year 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.

## **4. Loss per share**

The loss per share is based on the weighted average of 2,887,139,499 (1999: 2,300,000,000) ordinary shares in issue during the year. The 2,300,000,000 ordinary shares outstanding as a result of TOM's Reorganisation prior to its initial public offering of its shares in March 2000, are included in the calculation of the weighted average number of shares as if those shares had been in issue since 1st January 1999.

The exercise of the share options granted by the Company in 2000 would have an anti-dilutive effect on the loss per share for the year ended 31st December 2000.

## 5. Dividends

No dividends had been paid or declared by the Company during the year.

## 6. Movement of reserve

Goodwill arising on acquisitions totalling HK\$1,365,695,000, which was substantially funded by issuance of shares, was set off against share premium account on consolidation as permitted by the Companies Law of the Cayman Islands and the articles of association of the Company (1999: Nil).

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## DEFINITIONS

“Alexus”	means Alexus Company Limited
“Alexus Group”	means Alexus and its subsidiary, ECLink
“CN TOM”	means the Mainland Portal of Tom
“CNNIC”	means China Internet Network Information Center
“ECLink”	means ECLink Electronic Network Systems (Shenzhen) Co., Ltd.
“EDI”	means electronic data interchange
“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 of Hong Kong Limited
“GreaTom”	means 北京長通聯合寬帶網絡技術有限公司 (GreaTom United Broadband Technology and Service Co. Ltd.)
“HK\$”	means Hong Kong dollars
“HK TOM”	means the Hong Kong Portal of Tom
“PRC”	means People's Republic of China, excluding Hong Kong, Macau and Taiwan

“Reorganisation”	means a group reorganisation in preparation for the listing of the shares of Tom on the GEM, details of which were set out in the prospectus of Tom dated 18th February 2000
“Shanghai Maya Cultural”	means 上海美亞文化傳播有限公司 (Shanghai Maya Cultural Transmission Company Limited)
“Shanghai Maya Online”	means 上海美亞在線寬頻網絡有限公司 (Shanghai Maya Online Broadband Network Company Limited)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Tom” or the “Company”	means TOM.COM LIMITED
“TOM”	means Tom and its subsidiaries
“TOP”	means Tom’s Online Payment System
“US\$”	means United States dollars
“VOD”	means Video-on-Demand
“YC Companies”	means Y.C. Press Advertising Limited, 廣東羊城報業廣告有限公司 and 廣東羊城報業體育發展有限公司

US\$1 = HK\$7.8

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company at [www.tom.com](http://www.tom.com).*