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

First phase of cloud-based mobile Internet platform completed
TOM Group poised for timely launch of cloud services and applications

Hong Kong, 1 August 2011 - TOM Group Limited (HKEx: 2383, "TOM Group" or "the Group"), the Chinese-language media conglomerate in Greater China, today announced its interim results for the period ending 30 June 2011.

Mr. Ken Yeung, Chief Executive Officer and Executive Director said, "In the past two years, TOM Group invested in the cross-business infrastructure in order to break the silos and connect the publishing, TV and mobile Internet businesses, and to deliver flexible and user-centric services across devices, media and platforms. As the first phase investment on the cloud-based platform is completed, such infrastructure will meet the Group's objectives of building an operator agnostic platform – to unload the burden of costly content provision, as well as to defend the Group from market turbulence."

"TOM Group has commenced divisional consolidation and optimization since 2008, when it invested in the digital publishing infrastructure alongside optimization of the traditional publishing platform. The Publishing Group subsequently embarked on a new growth period with the launch of well-received digital initiatives and printed publications. In the first half of the year, the Publishing Group posted satisfactory results, reporting 14% and 9% growth in revenue and segment profit respectively."

"In response to the emerging development of e-commerce, the Group swiftly prioritized e-commerce a few years ago and joined China Post to unlock the market potentials through launching Ule (www.ule.com). Since commencement of operation, Ule has been reporting rapid growth in various key performance indicators (KPIs), revealing positive growth momentum."

Mr. Yeung continued, "The Internet Group has built a cloud-based cross-device mobile Internet platform, which serves as a landing runway to facilitate the launch of local and international partners' technology and applications. The Group recently announced a strategic partnership with Glu Mobile Inc., a global social mobile game publisher, to develop a smartphone storefront community for the Mainland market. On the other hand, the Internet Group has launched various mobile Internet services in the areas of music, games, reading and communications, which received positive market response."

"With the confidence that migration is coming to an end, and the financial pressure due to investment is diminishing, the Group now focuses on the timely roll out of various user-centric products and services, which have seen encouraging early metrics. We believe that the Group is re-entering into a high-growth period."

E-Commerce – KPI performances indicate encouraging growth momentum

Ule (www.ule.com.cn), a unique open platform and joint-venture between TOM and China Post, rolled out an upgrade version of its virtual distribution centre (VDC) in June. This one-stop logistics and warehousing system is tailored to enhance offline merchants' efficiency in order handling, and to offer merchants an affordable entrance to establish their e-commerce channels by offering them the capability for store-front fulfillment in the absence of warehousing. Currently, more than half of the Ule merchants have been using the VDC.

As Ule commenced operation in 2010, it reported encouraging results in various key performance indicators (KPIs), revealing positive growth momentum. Ule was named one of the top 10 portals offering the best investment value. As at end of June, Ule reported gross merchandise value (GMV) over RMB60 million. Revenue grew rapidly with double digit growth per month. The average value per transaction stood at RMB270. On the other hand, offline over-the-counter sales services have been extended to nationwide. Among the various sales channels, group buying services contributed around 20% of GMV.

Moving forward, Ule is becoming a cloud-based open platform for domestic and international business partners, with or without e-commerce experience and capabilities, to tap the Mainland e-commerce market. Furthermore, Ule will grow its user base and sales platform by extending services to online, offline and mobile channels.

Mobile Internet – cloud platform serving as landing runway for international and domestic partners' technology and applications

In response to the evolvement in the 2.5G eco system and arrival of 3G mobile Internet and smartphones, the Internet Group proactively reallocated its financial and human resources from content-based value-added and portal services, which were increasingly pressurized by high costs and thin margin, to the fast-growing mobile Internet business. In the second half of the year, the Internet Group will focus on the launch of mobile Internet products and services on the readily-built cloud-based cross-device mobile Internet platform, in order to materialize the strategic landing platform for local and overseas novelty technology and applications. In the first 6 months of the year, e-reading platform Huanjianshumeng (hjsm.tom.com) extended its device-based platform and saw growth in the number of registered users by 9 folds, reaching 3.6 million. The Group recently announced a strategic partnership with Glu Mobile Inc., a global social mobile game publisher, to develop a smartphone storefront community for the Mainland market. Also to be launched in the fourth quarter in conjunction with an UK partner is "Crunch Time", an application that combines game entertainment and e-commerce. On the music front, the Internet Group has developed a streaming music SNS application, which will be pre-embedded in Samsung tablets and smartphones to be rolled by late Q3 2011 the earliest. In June, the Internet Group joined the leading local operator 3HK and ESD Life to launch its first self-developed cross-device application "Favspot" in Hong Kong, which recorded over 15,000 downloads shortly since launch and ranked among the top 10 in iTunes Appstore under the Lifestyle category. Moving forward, Favspot will join a major partner to roll out the service in the Mainland.

Publishing – over 120 applications and 700,000 downloads reveals fast development of digital publishing

Both traditional and digital publishing businesses under the Publishing Group reported satisfactory performance. Sales of books and magazines were up by 13% year on year, whereas the digital publishing business captured opportunities in online reading, e-reading applications and hardware devices. Besides e-reading application e Reading Now which provides over 650 books, the Publishing Group has launched over 120 reading applications over iPhone, iPad and Android platforms, recording over 700,000 downloads in the aggregate. These included Searcher application on iPad "Make You Smart", paid iPad applications launched by *Business Weekly* and Nong Nong's *Bella* etc. On the other hand, POPO (www.popo.tw) also saw continuous growth in the aggregate number of authors and titles by 31% and 18% year on year, reaching 4,200 and 4,700 respectively. The Gurubear storybook houses network has extended to 13 outlets. In August, Cité moved further into the international arena by collaborating with the global leading media group British Broadcasting Corporation (BBC) in the launch of *Lonely Planet* Chinese edition, while iPad and Android versions were also made available. The Chinese edition of *BBC Knowledge*, a magazine popular amongst the Western markets, will be rolled out in September. Cité and BBC will further collaborate to produce Simplified Chinese editions of these magazines to tap the Mainland market.

CETV under the TV & Entertainment Group outreached to tap overseas advertising clients, and continued to expand its audience base with the launch of device-based applications on iPhone and Android etc. On the other hand, The Outdoor Media Group continued in optimizing and upgrading its media assets portfolio. It posted a 7% growth in revenue in the first half of the year.

Going forward, Mr. Yeung said, "With the management and staff's concerted effort in pushing forwarding business development while mitigating the challenges alongside transition, we are encouraged by the positive market response towards our innovative e-commerce, mobile internet and e-reading offerings. TOM Group will remain committed to developing these core businesses which are anticipated to become significant revenue contributor for the Group."

Financial Highlights:

- Group revenues were HK$1,122 million
- Operating loss[#] was HK$99.8 million
- Loss attributable to equity holders of the Company was HK$129 million
- Loss per share was 3.3 HK cents

	For the year ended 30 Jun	
	2011	**2010**
	HK$'000	HK$'000
Revenues	1,122,139	1,243,826
Operating loss#	(99,811)	(11,931)
Loss attributable to equity holders of the Company	(128,516)	(66,106)
Loss per share (HK cents)	(3.30)	(1.70)

 # 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 3,000 employees in about 20 cities.

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