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TOM Group Limited

TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

**LISTING BY WAY OF INTRODUCTION OF
THE ENTIRE ISSUED SHARE CAPITAL
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

Stock code on Main Board: 2383

Stock code on GEM: 8001

Sponsor

Morgan Stanley

This document is published in connection with the listing by way of introduction of the entire issued share capital of TOM Group Limited (the “Company”) on the Main Board of the Stock Exchange. This document contains particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the purpose of giving information with regard to the Company.

This document does not constitute an offer of, nor is it calculated to invite offers for, the shares or other securities of the Company, nor have any such shares or other securities been allotted with a view to any of them being offered for sale to members of the public. No new shares will be issued in connection with, or pursuant to, the publication of this document.

Your attention is drawn to the section headed “Risk factors” in this document.

The shares of HK\$0.10 each in the capital of the Company (the “Shares”) have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System (the “CCASS”) with effect from 1 March 2000, the date on which dealings in the Shares on GEM commenced. Subject to the granting of the listing of, and permission to deal in, the Shares on the Main Board and the continuous compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once the dealings in the Shares on the Main Board commence.

All necessary arrangements have been made with HKSCC for the Shares to continue to be accepted as eligible securities of CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

* for identification purpose

EXPECTED TIMETABLE

Despatch of circular, notice of the Extraordinary General Meeting
and related forms of proxy to the Shareholders Tuesday, 29 June 2004

Despatch of this document in relation to the Introduction
to the Shareholders Tuesday, 29 June 2004

Latest time for lodgement of related forms of proxy for the
Extraordinary General Meeting 11:00 a.m. on Wednesday
21 July 2004

Extraordinary General Meeting 11:00 a.m. on Friday, 23 July 2004

Date of the announcement of results of the Extraordinary General
Meeting which are to be published in The Standard (in English),
Hong Kong Economic Journal (in Chinese)
and on the GEM website Monday, 26 July 2004

Last day of dealings in the Shares on GEM Tuesday, 3 August 2004

Withdrawal of listing of the Shares on GEM effective from ... 9:30 a.m. on Wednesday, 4 August 2004

Dealings in the Shares on the Main Board to commence on ... 9:30 a.m. on Wednesday, 4 August 2004

Notes:

- (1) All time stated herein refers to Hong Kong local time.
- (2) Shareholders will be informed by public announcement of any change in the above expected timetable.

CONTENTS

You should rely only on the information contained in this document with regard to the Company. The Company has not authorised anyone to provide you with information that is different from what is contained in this document.

Any information or representation not made in this document must not be relied on by you as having been authorised by the Company, the Sponsor, any of their respective directors, officers, employees, agents or representatives of any of them or any other person or party involved in the Introduction.

The contents of the Company's website do not form part of this document.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you.

The TOM Group is a leading Chinese language cross-media company with diversified interests. Since its inception, the Company has pursued its focused objective to be a leading provider of multimedia products (including content) and services and services related to content across multiple distribution platforms in Greater China. The Company was listed on GEM in March 2000, and subsequent to its listing, has developed its content, services, and distribution platforms both organically and through acquisitions. From its original Internet platform, TOM Group has expanded to include five principal distribution platforms for its multimedia services and services related to content: (i) Internet, (ii) outdoor media, (iii) publishing, (iv) sports, and (v) television and entertainment.

OVERVIEW OF THE BUSINESS OF THE TOM GROUP

The business of the TOM Group is organised into five main business segments:

- Internet Group – principally engaged in provision of wireless value-added services, online advertising, commercial enterprise solutions and Internet portal services;
- Outdoor Media Group – primarily conducts advertising sales of outdoor media assets, including billboard and unipoles, and provision of outdoor media services;
- Publishing Group – primarily engaged in magazine and book circulation, sales of publication advertising and other related products;
- Sports Group – principally engaged in sponsorship rights and sports marketing consultancy, event management and television programming in relation to sports events and programmes and creating or buying as well as licensing rights to sports events; and
- Television and Entertainment Group – primarily engaged in air-time advertising sales, satellite television channel operations.

The Group's five main business segments operate in three main geographical areas:

The PRC	–	Internet Group, Outdoor Media Group, Publishing Group, Sports Group and Television and Entertainment Group
Taiwan	–	Publishing Group
Hong Kong	–	Internet Group, Publishing Group, Sports Group and Television and Entertainment Group

SUMMARY

COMPETITIVE STRENGTHS

The Directors believe that the competitive strengths of the TOM Group are as follows:

- A leading cross-media company in Greater China with a strong market position and brand name
- Has established a strong position in its primary business segments and is well positioned to capture growth
- Proven ability to successfully identify, execute and integrate acquisitions
- Has an experienced management team and a proven track record
- Enjoys strong shareholder support

BUSINESS DEVELOPMENT STRATEGIES OF THE TOM GROUP

The TOM Group's overall business strategy is to build a diversified media enterprise in Greater China spanning across multiple distribution platforms including Internet, outdoor media, publishing, sports and television and entertainment. It strives to be the leader in each of the business segments in which it operates.

The TOM Group plans to:

- Continue to build its cross-media platform through value-enhancing acquisitions
- Continue to focus on effectively integrating and streamlining acquired assets to capitalise upon potential synergies and improve operating efficiency
- Strengthen the TOM Group's operating platform and increase the TOM Group's scale through organic growth

SUMMARY

TRADING RECORD

The following is a summary of the audited consolidated results of the TOM Group for each of the years comprising the Relevant Period and the unaudited consolidated results of the TOM Group for the three months ended 31 March 2003 and 2004. This summary should be read in conjunction with the Accountants' Report and the unaudited first quarterly report 2004 set forth in Appendix I and Appendix II, respectively and the section headed "Financial Information" of this document.

	Year ended 31 December			Three months ended 31 March	
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2003 HK\$'000 (unaudited)	2004 HK\$'000 (unaudited)
Turnover	626,624	1,624,126	2,089,234	428,294	514,534
Cost of sales	(479,292)	(1,008,400)	(1,202,730)	(276,075)	(282,516)
Interest income	23,069	5,867	14,097	626	15,972
Selling and marketing expenses	(86,890)	(170,205)	(191,394)	(44,275)	(52,795)
Administrative expenses	(127,186)	(235,174)	(216,552)	(47,399)	(61,322)
Other operating expenses	(186,917)	(322,406)	(400,306)	(92,850)	(97,811)
Operating (loss)/profit	(230,592)	(106,192)	92,349	(31,679)	36,062
Finance costs	(1,395)	(19,079)	(19,919)	(4,980)	(7,568)
Deemed disposal gain	-	-	-	-	873,367
Provision for impairment of assets	(330,476)	(197,108)	-	-	(82,731)
Provision for contracts termination	-	-	-	-	(134,315)
Provision for other receivables	-	-	-	-	(22,476)
Restructuring costs	(8,527)	-	-	-	-
Share of losses of jointly controlled entities	(35,856)	(29,585)	(6,387)	(2,598)	(295)
Share of profits less losses of associated companies	(3,164)	20	1,823	308	120
(Loss)/profit before taxation	(610,010)	(351,944)	67,866	(38,949)	662,164
Taxation	(18,692)	(29,080)	(12,399)	(3,926)	(9,391)
(Loss)/profit after taxation	(628,702)	(381,024)	55,467	(42,875)	652,773
Minority interests	(7,185)	(28,555)	(42,869)	18	1,120
(Loss)/profit attributable to shareholders	(635,887)	(409,579)	12,598	(42,857)	653,893
(Loss)/earnings per share					
- Basic	HK(19.78) cents	HK(12.41) cents	HK0.35 cent	HK(1.29) cents	HK16.86 cents
- Diluted	N/A	N/A	HK0.35 cent	N/A	HK15.49 cents

SUMMARY

RISKS

Risks relating to the TOM Group's business

- The TOM Group is principally a holding company and relies on dividends, distributions on equity and other payments paid by its subsidiaries to fund any cash requirements it may have.
- The TOM Group has only recently attained profitability (the Company has incurred operating losses since its incorporation) and may incur losses in the future.
- The TOM Group may not be able to integrate acquired companies or businesses successfully.
- The TOM Group depends on certain key executives and its business may be disrupted if it loses the services of its key executives.
- Intellectual property is important to the TOM Group's business, and unauthorised use of any of its intellectual property by third parties may adversely affect its business.
- The TOM Group may be subject to intellectual property infringement claims, which may force it to incur substantial legal expenses and, if determined adversely against it, materially disrupt the TOM Group's business.
- Any future outbreak of SARS and any other epidemic in Hong Kong, the PRC and/or Taiwan may have a material adverse effect on the business operations, financial condition and results of operations of the TOM Group.
- The TOM Group's strategy of acquiring complementary assets, technologies and businesses may fail and may result in equity or earnings dilution.
- The TOM Group's operating results may fluctuate significantly and may differ from market expectations.
- Any future financing may cause a dilution of the shareholding in the TOM Group or place restrictions on the operations of the TOM Group.
- CKH who, together with HWL are controlling shareholders of the Company, their businesses may be in competition with the Company, and they may not always act in the best interests of the Company or its other shareholders.
- If the TOM Group is unable to generate revenues from advertising or it were to lose its large advertisers, its business would be harmed.
- There can be no assurance that the Company will be allowed by the Stock Exchange to effect a spin-off of parts of its businesses to be held under a separate listed entity within three years of its listing on the Main Board, consequently it may not be able to take advantage of market conditions or the attractive valuation in any of its businesses by effecting a spin-off at that time.

SUMMARY

Risks relating to the Internet Group

- A substantial portion of the Internet Group's business and revenue depends on the mobile telecommunications operators, and any loss or deterioration of its relationship with any such operators may result in severe disruptions to its business operations and the loss of a significant portion of its revenues.
- The Internet Group's financial condition or results of operations may be materially affected by the changes in policies or guidelines of the mobile telecommunications operators and any breach or perceived breach by the Internet Group of the policies or guidelines imposed by the mobile telecommunications operator, particularly with respect to content provided on or linked through the Internet Group's websites, may result in material adverse action.
- The Internet Group faces intense competition in the wireless value-added services market, which could reduce its market share, and materially adversely affect its financial condition and results of operations.
- There are risks associated with the Internet Group's acquisition of Puccini, each of which may result in a material adverse effect on the Internet Group's operating or financial performance.
- If the Internet Group is not able to respond successfully to technological or industry developments, the Internet Group's business may be materially adversely affected.

Risks relating to the Outdoor Media Group

- The operating results of the Outdoor Media Group are affected by general economic conditions and trends in the advertising industry.
- The Outdoor Media Group faces increasing competition in the outdoor advertising industry and from other forms of advertising.
- The Outdoor Media Group may not be able to make strategic acquisitions for growth.
- Certain media assets of the Outdoor Media Group is dependent on the grant and retention of concessions from entities authorised by local authorities in the PRC.
- The PRC government censors advertising content and imposes liability on advertising companies for publishing advertising content which is in breach of certain regulations, which may limit the Outdoor Media Group's business operations.
- The Outdoor Media Group's advertising business operations may be affected by regulatory changes.

SUMMARY

Risks relating to the Publishing Group

- Increases in paper prices, postal rates or distribution costs could adversely affect the Publishing Group.
- The Publishing Group may not be able to successfully compete with other competitors or with other forms of entertainment.
- Consolidation in the markets in which the Publishing Group operates could place it at a competitive disadvantage.
- The Publishing Group may not be able to retain or attract creative, editorial and sales personnel that it needs to remain competitive and grow.
- The Publishing Group's reliance on intellectual property and proprietary rights that may not be adequately protected under current laws in some jurisdictions may adversely affect its results and its ability to grow.
- Taiwan's economic, political and social conditions, as well as its relationship with the PRC, could affect the Publishing Group's business.

Risks relating to the Sports Group

- The Sports Group faces substantial competition that may intensify.
- The Sports Group's revenue is dependent on the success of its sports events.
- The success of the Sports Group's sports events may be affected by factors beyond its control. This volatility would affect the Sports Group's revenue.
- The Sports Group's revenue is dependent on the success of the sports personalities and sports teams it represents.

Risks relating to the Television and Entertainment Group

- The Television and Entertainment Group faces substantial competition that may intensify.
- The Television and Entertainment Group may not realise the expected benefits of the acquisition of CETV.
- It is difficult to predict the effect that rapid technological change or alternative forms of entertainment may have on the Television and Entertainment Group or the television programming industry.

SUMMARY

Risks relating to the PRC

- The industries which the TOM Group's businesses are engaged in are highly regulated by the PRC government. If the TOM Group fails to obtain or maintain all pertinent permits and approvals, the TOM Group's business operations may be materially adversely affected.
- The laws and regulations governing the industries in the PRC, which the TOM Group's businesses are engaged in, are constantly developing and subject to future changes, and substantial uncertainties exist as to the interpretation and implementation of those laws and regulations.
- The PRC's economic, political and social conditions, as well as government policies, could affect the TOM Group's business.
- In order to comply with PRC regulatory requirements, the TOM Group operates through companies in which it does not have ownership stakes. If the PRC government determines that these arrangements are not in compliance with applicable regulations, the business of the TOM Group in the PRC would be adversely affected.
- Due to regulatory limitations, the TOM Group conducts some of its businesses in the PRC through contractual arrangements with several companies, which it does not have ownership stakes, and individuals. These contractual arrangements may not be as effective in providing operational control as direct ownership of these businesses.
- If the companies and individuals to the TOM Group's contractual arrangements fails to comply with, or refuse to renew, the TOM Group's contractual arrangements, the TOM Group's business may be disrupted.
- An economic slowdown in the PRC may adversely affect the TOM Group's financial condition and results of operations, as well as its future prospects.
- There are uncertainties regarding interpretation and enforcement of PRC laws and regulations.
- There are risks related to exchange rates and currency conversion in the PRC.
- Fluctuation of the Renminbi could materially affect the value of the TOM Group's ordinary shares.

WAIVERS FROM STRICT COMPLIANCE WITH RULES 10.07 AND 10.08 OF THE LISTING RULES

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the restrictions on further issues of securities within six months of listing on the Main Board as required by Rule 10.08 of the Listing Rules and a consequential waiver from strict compliance with the restrictions under Rule 10.07 of the Listing Rules in respect of the deemed disposal of Shares by the controlling shareholders of the Company upon the issue of securities by the Company within six months of listing of the Shares on the Main Board ("Deemed Disposal Waiver"). Save and except for the Deemed Disposal Waiver, the controlling shareholders of the Company are subject to the restrictions on disposal of Shares under Rule 10.07 of the Listing Rules.

SUMMARY

SHARES TO BE ISSUED BY THE COMPANY

Further Shares may be issued by the Company pursuant to any conversion of the Convertible Bonds, under the acquisition contracts and upon any exercise of options granted under the Pre-IPO Share Option Plan and the Share Option Scheme as described below:

(i) Convertible Bonds

On 28 November 2003, TOM Holdings, a wholly-owned subsidiary of the Company, issued the Convertible Bonds in the aggregate principal amount of US\$150,000,000. The Convertible Bonds, bearing interest at the rate of 0.50% per annum are convertible into Shares at an initial conversion price of HK\$3.315 per Share (subject to adjustment) from and including 8 January 2004 up to the close of business on 14 November 2008. The Convertible Bonds were listed on the Luxembourg Stock Exchange on 28 November 2003.

As at the Latest Practicable Date, no Convertible Bonds have been converted into Shares. Based on the initial conversion price of HK\$3.315 per Share, the Convertible Bonds are convertible into a maximum of 352,941,176 Shares.

(ii) Outstanding Shares to be issued

Under certain acquisition contracts, some members of the TOM Group have agreed to procure the issue of Shares subject to the respective terms and conditions of those contracts. Shares may be required to be issued by the Company to satisfy all or part of the consideration or any adjustment thereof or to satisfy any amount payable to reward the other party according to the profit threshold of the relevant investment acquired.

(iii) Share Option Schemes

The TOM Group has adopted the Pre-IPO Share Option Plan and the Share Option Scheme whereby employees and directors of the TOM Group and certain other eligible persons may be granted options to subscribe for Shares. As at the Latest Practicable Date, options to subscribe for an aggregate of 209,397,000 Shares pursuant to the Pre-IPO Share Option Plan and the Share Option Scheme were outstanding. In connection with the Introduction and in order to comply with the provisions of the Listing Rules, the Company will, subject to the approval of the Shareholders at the Extraordinary General Meeting, adopt the Proposed Share Option Scheme in substitution for the Share Option Scheme upon the listing of the Shares on the Main Board.

Any issue of Shares pursuant to the above will dilute the holdings of Shares by existing Shareholders. Such dilution would not be significant based on the basic earnings per Share of the Company for 2003 (being HK0.35 cent) as it would remain substantially the same at HK0.35 cent after adjusting for the effects of dilution assuming all the outstanding share options granted by the Company had been exercised at the date of issuance and the consideration shares to be issued by the Company for the acquisition of subsidiaries had been issued at the date of acquisition (thereby increasing the weighted average number of Shares in issue during the year from 3,583,805,272 Shares to 3,606,757,274 Shares). Since all potential Shares arising from any conversion of the Convertible Bonds would increase profit attributable to Shareholders per Share as a result of the savings on the interest and redemption premium payable and amortisation of borrowing costs, the effects of anti-dilution in relation to such conversion have not been taken into account in calculating the diluted earnings per Share. The exercise of share options granted by the Company would have an anti-dilutive effect on the loss per Share for the years ended 31 December 2001 and 2002. Please refer to Note 11 to the “Accountants’ Report on TOM Group” in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

“ADS(s)” or “American Depositary Shares”	American depositary shares issued by a depositary representing ownership of shares, which are to be listed on the New York Stock Exchange
“Advanced Internet”	Advanced Internet Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of TOM Online
“applicable percentage ratio(s)”	in relation to a connected transaction or a continuing connected transaction, the percentage ratio(s) other than the profits ratio (as defined in Rule 14.04(9) of the Listing Rules) applicable to such transaction in accordance with Chapter 14A of the Listing Rules
“Articles of Association” or “Articles”	the articles of association of the Company, proposed to be adopted on 23 July 2004 and as amended from time to time
“associates”	has the meaning ascribed thereto under the Listing Rules
“Beijing Guojiatong”	北京國佳通信息諮詢有限公司(Beijing Guojiatong Information Consultancy Company Limited), a company established under the laws of the PRC with limited liability, in which the Company enjoys 100% of the economic benefits
“Beijing Lei Ting”	北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited), a company established under the laws of the PRC with limited liability, in which TOM Online enjoys 100% of the economic benefits
“Beijing Oriental”	北京東方廣場有限公司(Beijing Oriental Plaza Company Limited), which is a sino-foreign co-operative joint venture enterprise established under the laws of the PRC and an associate of CKH. Beijing Oriental’s principal place of business is in the PRC and its principal business is property investment
“Beijing Super Channel”	北京訊能網絡有限公司 (Beijing Super Channel Network Limited), which is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of TOM Online
“Beijing TOM”	北京唐碼國際廣告有限公司(Beijing TOM International Advertising Limited), which is a domestic limited liability company established in the PRC, and is owned as to 20% by Mr. Wang Ting Ting (王霆霆), 40% by Ms. Wang and 40% by Mr.

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	Sheng. Beijing TOM is accounted for as a wholly-owned subsidiary of the Company. Beijing TOM's principal place of business is in the PRC and its principal business is advertising
“Board”	the board of Directors
“Boguang”	成都博廣傳播諮詢有限公司 (Chengdu Boguang Broadcasting Information Company Limited), a company established under the laws of the PRC
“Bomei”	廈門市博美廣告有限公司(Xiamen Bomei Advertising Company Limited), which is a domestic limited liability company established under the laws of the PRC and the registered owner of 40% of the registered capital of Bomei JV. Bomei's principal place of business is in the PRC and its principal business is advertising
“Bomei JV”	廈門市博美聯合廣告有限公司 (Xiamen Bomei Lianhe Advertising Company Limited), which is a domestic limited liability company established under the laws of the PRC, and is legally owned as to 60% by Fench Star and 40% by Bomei. Bomei JV is accounted for as a 60%-owned subsidiary of the Company. Bomei JV's principal place of business is in the PRC and its principal business is advertising
“Bright Horizon”	Bright Horizon Enterprises Limited, a company incorporated under the laws of the BVI and a wholly-owned subsidiary of TOM Online
“business day(s)”	any day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for normal banking business and/or the Stock Exchange is open for the business of dealing in securities
“Business Weekly”	商周文化事業股份有限公司 (Business Weekly Publishing Inc.), a company incorporated under the laws of Taiwan which is owned as to 83.17% by the Company
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCTV”	China Central Television, the national terrestrial, cable and satellite provider
“Cernet”	賽爾在線信息技術有限公司(Cernet Information Technology Company Limited), which is a sino-foreign co-operative joint venture enterprise established under the laws of the PRC with limited liability and is owned as to 51% by the Company and 49% by Cernet Network

DEFINITIONS

“Cernet Network”	賽爾網絡有限公司(Cernet Network Company Limited), which is a domestic limited liability company established under the laws of the PRC and its major shareholders include the Technology Development Center of the Ministry of Education, PRC (中國教育部科技發展中心), Tsinghua University (清華大學), Beijing University (北京大學) and a number of other educational institutions in the PRC. Cernet Network’s principal place of business is in the PRC and its principal business is to manage and operate the China Education and Research Network (CERNET), and the provision of other related telecom value added services such as ISP and IDC, software development and systems integration
“Cernet Online”	北京賽爾在線通信技術有限公司(Cernet Online Company Limited), which is a domestic limited liability company established under the laws of the PRC, and is owned as to 37% by Shenzhen Freenet Advertising and 63% by Cernet Network. Cernet Online’s principal place of business is in the PRC and its principal business is acting as primary Internet services provider in the PRC
“CETV”	China Entertainment Television Broadcast Limited, a company incorporated under the laws of Hong Kong with limited liability which is owned as to 64.07% by the Company and 35.93% by TBSAP
“Cheung Kong Group”	CKH and its subsidiaries
“ChinaCare”	北京維康關懷醫療信息技術有限公司(Beijing ChinaCare e-Med Limited), which is a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of Cranwood. ChinaCare’s principal place of business is in the PRC and its principal business is the provision of healthcare related information technology, information and consulting services
“China Mobile”	China Mobile Communications Corporation
“China Science Media”	重慶中科普傳媒發展股份有限公司(Chongqing China Science Media Development Company Limited), a company organised and existing under the laws of the PRC, which is independent of the Directors, chief executive or substantial shareholders of the TOM Group or any of their respective associates. As at the date of the letter of intent entered into between TOM International, PCW Publishing House and China Science Media on 18 September 2002, China Science Media is owned as to 21% by 重慶市科明科普服務中心; as to 19.3% by 重慶科威華信息發展有限責任公司; as to 18.2% by 重慶科西嘉信息發展有限責任公司; as to 17.4% by 重慶融華信息發展有限責任公司; as to 13.6% by 重慶科貝康信息發展有限公司; as to 6.5% by 四川卓瑞文化傳播有限責任公司 and as to 4% by 西南師範大學電子科技開發服務中心, all of which are independent of the Directors, chief executive or substantial shareholders of the TOM Group or any of their respective associates

DEFINITIONS

“China Unicom”	China United Telecommunications Corporation
“Chunyu”	青島春雨廣告裝飾工程有限公司 (Qingdao Chunyu Advertising and Decor Construction Company Limited), which is a domestic limited liability company established under the laws of the PRC and the registered owner of 30% of the registered capital of Chunyu JV. Chunyu’s principal place of business is in the PRC and its principal business is advertising
“Chunyu JV”	青島春雨廣告傳播有限公司 (Qingdao Chunyu Advertising Chuanbo Company Limited), which is a domestic limited liability company established under the laws of the PRC, in which the Company enjoys 70% of the economic benefits, and is legally-owned as to 70% by Fench Star and 30% by Chunyu. Chunyu JV is accounted for as a 70%-owned subsidiary of the Company. Chunyu JV’s principal place of business is in the PRC and its principal business is advertising
“Cité”	城邦文化事業股份有限公司 (Cité Publishing Limited), a company incorporated under the laws of Taiwan
“Cité Publishing Holding”	Cité Publishing Holding Limited, a company incorporated under the laws of the BVI with limited liability which is owned as to 83.19% by the Company
“CKH”	Cheung Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong on 8 June 1971 with limited liability, whose shares are listed on the Main Board
“CNNIC”	China Internet Network International Center, an institution established by the Chinese Academy of Sciences and now under the administration of the Ministry of Information Industry, which is responsible for the registration of all “.cn” domain names other than “.edu.cn” domain names
“Commercelink”	Commercelink Profits Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Company”	TOM Group Limited (formerly known as TOM.COM LIMITED), a company incorporated under the laws of the Cayman Islands with limited liability on 5 October 1999, the issued shares of which are listed on GEM

DEFINITIONS

“Companies Law”	the Companies Law, Cap 22 (2003 Revision) (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Connected Transaction Requirements”	the reporting, announcement and shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Convertible Bonds”	the US\$150 million 0.50 per cent. guaranteed convertible bonds issued by TOM Holdings, which are due in 2008, as further described in the section headed “Financial Information” and the section headed “Summary of Principal Terms of the Convertible Bonds” in Appendix VI to this document
“Cranwood”	Cranwood Company Limited, a company incorporated under the laws of the Republic of Liberia and wholly-owned by Ms. Chau Hoi Shuen
“Cup”	TOM (Cup Magazine) Publishing Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Easterhouse”	Easterhouse Limited, which is a wholly-owned subsidiary of HWL incorporated under the laws of the BVI with limited liability on 18 January 1999, an initial management shareholder and substantial shareholder of the Company
“ECLink Shenzhen”	易網通電子網絡系統(深圳)有限公司 (ECLink Electronic Network Systems (Shenzhen) Company Limited), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Euromonitor International”	Euromonitor Plc, a company providing online search engine
“Extraordinary General Meeting”	an extraordinary general meeting of the Company to be held at the Grand Ballroom II, 1st Floor, Harbour Plaza Hong Kong, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Friday, 23 July 2004 at 11:00 a.m. or any adjournment thereof
“Fench Media”	昆明風馳傳媒有限公司 (Kunming Fench Media Company Limited), which is a domestic limited liability company established under the laws of the PRC, and is legally owned as to 51% by Fench Star and 49% by Miracle Star Advertising Limited. Fench Media is accounted for as a wholly-owned subsidiary of the Company. Fench Media’s principal place of business is in the PRC and its principal business is advertising

DEFINITIONS

“Fench Management”	昆明風馳企業管理顧問諮詢有限公司 (Kunming Fench Enterprise Management Consultancy Company Limited), a company established under the laws of the PRC with limited liability, in which the Company enjoys 100% of the economic benefits
“Fench Star”	昆明風馳明星信息產業有限責任公司 (Kunming Fench Star Information Industry Limited), which is a domestic limited liability company established under the laws of the PRC, and is legally owned as to 51% by Fench Management and 49% by 昆明國佳科技發展有限公司 (Kunming Guojia Technology Development Company Limited). Fench Star is accounted for as a wholly-owned subsidiary of the Company. Fench Star’s principal place of business is in the PRC and its principal business is advertising
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM, as amended from time to time
“Global Offering”	the public offer in Hong Kong of shares of TOM Online and the placing and offering of ADSs outside Hong Kong to professional and other investors as described in the prospectus issued by TOM Online dated 2 March 2004
“Greater China”	the PRC, Hong Kong, Macau and Taiwan
“GreaTom”	北京長通聯合寬帶網絡技術有限公司 (Beijing GreaTom United Technology Company Limited), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Great Wall Broadband”	Great Wall Broadband Network Services Company Limited (長城寬帶網絡服務有限公司), which, to the best knowledge of the Company, is a domestic limited liability company established in the PRC and an associate of Great Wall Technology. Great Wall Broadband’s principal place of business is in the PRC and its principal business is provision of broadband network services
“Great Wall Computer”	長城計算機軟件與系統有限公司 (Great Wall Computer Software and Systems Incorporation Limited), which is a domestic limited liability company established in the PRC and a subsidiary of Great Wall Technology. Great Wall Computer’s principal place of business is in the PRC and its principal business is the development of computer software

DEFINITIONS

“Great Wall Technology”	長城科技股份有限公司(Great Wall Technology Company Limited), which is a joint stock limited liability company established in the PRC and the registered holder of 10% of the registered capital of GreaTom. Great Wall Technology’s principal place of business is in the PRC and its principal business is development, manufacture and sale of computer and related products, including hardware and software products. The shares of Great Wall Technology are listed on the Main Board
“Guangzhou TOM”	廣州唐碼廣告有限公司(Guangzhou TOM Advertising Limited), which is a domestic limited liability company established in the PRC, and is owned as to 60% by Mr. Li Jian and 40% by Mr. Yang Zhen Kun. Guangzhou TOM is accounted for as a wholly-owned subsidiary of the Company. Guangzhou TOM’s principal place of business is in the PRC and its principal business is advertising
“GDP”	Gross Domestic Products
“Handel”	Handel International Limited, a company incorporated with limited liability under the laws of the BVI on 29 September 1999, 90% owned by Cranwood, 5% owned by Unified Consultants Limited (a company incorporated under the laws of the BVI and wholly-owned by Mr. Feng Qi) and 5% owned by Schubert International Limited (a company incorporated under the laws of the BVI and wholly-owned by Ms. Chang Pui Vee, Debbie)
“HGC”	Hutchison Global Communications Limited, which is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HWL. HGC’s principal place of business is in Hong Kong and its principal business is the provision of fixed line communications services
“HGC Group”	HGC and its subsidiaries
“HIL Group”	HIL and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“High Perform”	High Perform Investments Limited, a company incorporated under the laws of the BVI and a wholly-owned subsidiary of the Company
“HIL”	Hutchison International Limited, which is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HWL. HIL’s principal place of business is in Hong Kong and its principal business is acting as the holding company and corporate head office of HWL’s businesses

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Xiang”	廣州鴻翔音像有限公司 (Guangzhou Hongxiang Audio-Video Company Limited), a company established under the laws of the PRC with limited liability
“Hong Xiang Productions”	廣州市鴻翔音像製作有限公司 (Guangzhou Hongxiang Audio-Video Productions Company Limited), a company established under the laws of the PRC with limited liability
“HTHK”	Hutchison Telecommunications (Hong Kong) Limited, which is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HIL. HTHK’s principal place of business is in Hong Kong and its principal business is the provision of telecommunications services
“HTHK Group”	HTHK and its subsidiaries
“Hutchison GlobalCenter”	Hutchison GlobalCenter Limited, which is a company incorporated in Hong Kong with limited liability and a non wholly-owned subsidiary of HWL. Hutchison GlobalCenter’s principal place of business is in Hong Kong and its principal business is the provision of media data center services
“Hutchison Group”	HWL and its subsidiaries
“HWL”	Hutchison Whampoa Limited, a company incorporated under the laws of Hong Kong on 26 July 1977 with limited liability, whose securities are listed on the Main Board
“Independent Third Parties”	person(s) or company(ies) who is not a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries and/or their respective associates, and “Independent Third Party” shall be construed accordingly
“Internet Group”	a business segment of the TOM Group principally providing wireless value added services, online advertising, commercial enterprise solutions and Internet portal services as further described in the section headed “Business” of this document
“Introduction”	the proposed listing of the Shares on the Main Board by way of an introduction pursuant to the Listing Rules

DEFINITIONS

“Jinan Qilu”	濟南齊魯新基業戶外廣告有限公司 (Jinan Qilu Xinjiye Advertising Company Limited), a company established under the laws of the PRC with limited liability
“Lahiji”	Lahiji Vale Limited, a wholly-owned subsidiary of TOM Online, incorporated under the laws of the BVI with limited liability
“Latest Practicable Date”	23 June 2004, being the latest practicable date prior to the printing of this document for ascertaining certain information contained herein
“Laurstinus”	Laurstinus Limited, a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of TOM Online
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on the Main Board commence, expected to be on or around 4 August 2004
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“LTWJi”	北京雷霆無極網絡科技有限公司 (Beijing Leitingwuji Network Technology Company Limited), a company established under the laws of the PRC with limited liability, in which TOM Online enjoys 100% of the economic benefits
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Media Serv”	Media Serv Limited, which is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Tennis Management. Media Serv’s principal place of business is in Hong Kong and its principal business is advertising and sponsorship sales in relation to sports events and programmes
“Metro”	Metro Broadcast Corporation Limited, a company incorporated on 20 April 1990 under the laws of Hong Kong with limited liability, owned as to 50% by each of the Cheung Kong Group and the Hutchison Group

DEFINITIONS

“Ming Pao”	Ming Pao Enterprise Corporation Limited, which is a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange. Ming Pao’s principal place of business is in Hong Kong and the principal business of the Ming Pao Group is the publication of Chinese newspapers, periodicals and books, provision of travel and related services, and property investment
“Ming Pao Group”	Ming Pao and its subsidiaries
“Ministry of Information Industry” or “MII”	中國信息產業部 (the PRC Ministry of Information Industry)
“MP Holdings”	Ming Pao Holdings Limited, which is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Ming Pao. MP Holdings’s principal place of business is in Hong Kong and its principal business is investment holding
“MP Newspapers”	Ming Pao Newspapers Limited, which is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Ming Pao. MP Newspapers’ principal place of business is in Hong Kong and its principal business is newspaper publishing
“MP Publications”	Ming Pao Publications Limited, which is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Ming Pao. MP Publications’s principal place of business is in Hong Kong and its principal business is book publishing
“Mr. Zhong”	Mr. Zhong Haiqiang (鍾海強), who is independent of and not connected with any of the directors, chief executives and substantial shareholders of any member of the TOM Group or any of their respective associates
“Mr. Sheng”	Mr. Sheng Yong (盛勇), who is independent of and not connected with any of the directors, chief executives and substantial shareholders of any member of the TOM Group or any of their respective associates
“Mr. Wang”	Mr. Wang Lei Lei (王雷雷), a non-executive Director
“Ms. Wang”	Ms. Wang Xiu Ling (王秀玲), who is independent of and not connected with any of the directors, chief executives and substantial shareholders of any member of the TOM Group or any of their respective associates

DEFINITIONS

“New Star”	遼寧鑫星盛世廣告有限公司 (New Star Prosperity Advertising Company Limited), which is a domestic limited liability company established under the laws of the PRC and the registered owner of 40% of the registered capital of New Star JV. New Star’s principal place of business is in the PRC and its principal business is advertising
“New Star JV”	遼寧鑫星光明傳媒產業有限公司 (Liaoning New Star Guangming Media Assets Company Limited), which is a limited liability company established under the laws of the PRC, and is legally owned as to 60% by Fench Star and 40% by New Star. New Star JV is accounted for as a 60%-owned subsidiary of the Company. New Star JV’s principal place of business is in the PRC and its principal business is advertising
“NT\$”	New Taiwanese dollars, the lawful currency of Taiwan
“Outdoor Media Group”	a business segment of the TOM Group primarily conducting advertising sales of outdoor media assets, including billboards and unipoles, and provision of outdoor media services as further described in the section headed “Business” of this document
“Online Pre-IPO Share Option Plan”	the pre-IPO share option plan adopted by TOM Online on 12 February 2004, the principal terms of which are summarised in the section headed “Summary of terms of the Online Pre-IPO Share Option Plan” in Appendix VII to this document
“Online Share Option Scheme”	the share option scheme adopted by TOM Online on 12 February 2004, the principal terms of which are summarised in the section headed “Summary of terms of the Online Share Option Scheme” in Appendix VII to this document
“PC Home”	電腦家庭文化股份有限公司 (PC Home Publications Inc.), a company incorporated in Taiwan and a 83.17% owned subsidiary of the Company
“PCW Publishing House”	電腦報社, an operating unit of 重慶市科學技術協會 (a state-owned association in the PRC), which is independent of the directors, chief executive or substantial shareholders of the TOM Group or any of their respective associates
“Popular Computer Group”	PCW Publishing House and China Science Media
“PRC”	People’s Republic of China, excluding Hong Kong, Macau and Taiwan

DEFINITIONS

“Pre-IPO Share Option Plan”	the pre-IPO share option plan adopted by the Company on 11 February 2000, the principal terms of which are summarised in the section headed “Summary of the terms of the Pre-IPO Share Option Plan” in Appendix IX to this document
“Proposed Share Option Scheme”	the proposed share option scheme to be conditionally adopted at the Extraordinary General Meeting, the principal terms of which are summarised in the section headed “Summary of the principal terms of the Proposed Share Option Scheme” in Appendix IX to this document
“Publishing Group”	a business segment of the TOM Group primarily engaged in magazine and book circulation, sales of publication advertising and other related products as further described in the section headed “Business” of this document
“Puccini”	Puccini International Limited, a wholly-owned subsidiary of TOM Online, incorporated under the laws of the Cayman Islands with limited liability on 13 March 2000
“Puccini Beijing”	普其利網絡科技(北京)有限公司 (Puccini Network Technology (Beijing) Limited), established under the laws of the PRC with limited liability and a wholly-owned subsidiary of TOM Online
“Puccini Group”	Puccini and its subsidiaries
“Qilu”	濟南齊魯廣告有限公司 (Jinan Qilu Advertising Company Limited), a domestic limited liability company organised and existing under the laws of the PRC
“Qilu JV”	山東龍駿傳媒有限公司 (Shandong Longjun Media Company Limited), formerly known as 山東齊魯國際戶外傳媒有限公司 (Shandong Qilu International Outdoor Media Company Limited), which is a domestic limited liability company established in the PRC, and is legally owned as to 60% by Fench Star and 40% by Qilu. Qilu JV is accounted for as a 60%-owned subsidiary of the Company. Qilu JV’s principal place of business is in the PRC and its principal business is advertising
“Redsail”	北京紅帆網神數據網絡技術有限公司 (Beijing Redsail Netlegend Data Network Technology Company Limited), a company established under the laws of the PRC with limited liability, in which the Company enjoys 100% of the economic benefits

DEFINITIONS

“Relevant Period”	each of the TOM Group’s financial years ended 31 December 2001, 2002 and 2003
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of PRC
“Romefield”	Romefield Limited, a wholly-owned subsidiary of CKH incorporated under the laws of the BVI with limited liability on 7 July 1999, an initial management shareholder and substantial shareholder of the Company
“SAFE”	中國國家外匯管理局 (the PRC State Administration of Foreign Exchange), the PRC Government agency responsible for matters relating to foreign exchange administration
“Sanlian”	生活 • 讀書 • 新知三聯書店 (Shenghuo • Dushu • Xinzhi Sanlian Book Store), a state-owned publisher administered by the Bureau of News and Publishing in the PRC
“Sano”	瀋陽沙諾金廂廣告有限公司 (Shenyang Sano Jinxiang Advertising Company Limited), which is a domestic limited liability company established under the laws of the PRC. Sano’s principal place of business is in the PRC and its principal business is advertising
“Sano JV”	瀋陽沙諾環球傳媒有限公司 (Shenyang Sano Global Media Company Limited), which is a domestic limited liability company established under the laws of the PRC, and is legally owned as to 60% by Fench Star and 40% by Mr. Wang Cheng Cheng. Sano JV is accounted for as a 60%-owned subsidiary of the Company. Sano JV’s principal place of business is in the PRC and its principal business is advertising
“SARFT”	State Administration of Radio, Film and TV
“SARS”	Severe acute respiratory syndrome
“Schumann”	Schumann International Limited, a company incorporated under the laws of the BVI with limited liability on 8 December 1999, owned as to 90% by Cranwood, as to 5% by Unified Consultants Limited (a company incorporated under the laws of the BVI and owned by Mr. Feng Qi) and as to 5% by Schubert International Limited (a company incorporated under the laws of the BVI and wholly-owned by Ms. Chang Pui Vee, Debbie)

DEFINITIONS

“Seeout”	福建省新奧戶外廣告有限公司 (Fujian Seeout Outdoor Advertising Company Limited), which is a domestic limited liability company established under the laws of the PRC and the registered owner of 30% of the registered capital of Seeout JV. Seeout’s principal place of business is in the PRC and its principal business is advertising
“Seeout JV”	福建新奧光明傳媒廣告有限公司 (Fujian Seeout Guangming Media Advertising Company Limited), which is a domestic limited liability company established under the laws of the PRC and is legally owned as to 70% by Fench Star and 30% by Seeout. Seeout JV is accounted for as a 70%-owned subsidiary of the Company. Seeout JV’s principal place of business is in the PRC and its principal business is advertising
“SETC”	中國國家經濟貿易委員會 (the PRC State Economic and Trade Commission)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Maya Online”	上海美亞在線寬頻網絡有限公司 (Shanghai Maya Online Broadband Network Company Limited), a company established under the laws of the PRC with limited liability
“Shanghai TOM”	上海唐碼廣告有限公司 (Shanghai TOM Advertising Limited), which is a domestic limited liability company established in the PRC and is owned as to 60% by Mr. Li Jian and 40% by Mr. Yang Zhen Kun. Shanghai TOM is accounted for as a wholly-owned subsidiary of the Company. Shanghai TOM’s principal place of business is in the PRC and its principal business is advertising
“Share(s)”	ordinary shares of the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 11 February 2000 (as amended by an addendum on 24 April 2002)
“Sharp Point”	尖端出版股份有限公司 (Sharp Point Publishing Company Limited), a company incorporated under the laws of Taiwan and a 83.17% owned subsidiary of the Company

DEFINITIONS

“Shenzhen Freenet”	深圳市新飛網信息技術有限公司 (Shenzhen Freenet Information Technology Company Limited), a company established under the laws of the PRC with limited liability, in which TOM Online enjoys 100% of the economic benefits
“Shenzhen Freenet Advertising”	深圳市新飛訊能廣告有限公司 (Shenzhen Freenet Super Channel Advertising Company Limited), a company established under the laws of the PRC with limited liability, in which the Company enjoys 100% of the economic benefits
“Shenzhen New ECLink”	深圳市新易網通網絡信息技術有限公司 (Shenzhen New ECLink Network Information Technology Company Limited), a company established under the laws of the PRC with limited liability, in which the Company enjoys 100% of the economic benefits
“Southwest International”	四川西南國際廣告有限公司 (Sichuan Southwest International Advertising Company Limited), which is a domestic limited liability company established under the laws of the PRC and the registered owner of 30% of the registered capital of Southwest JV. Southwest’s principal place of business is in the PRC and its principal business is advertising
“Southwest JV”	四川西南戶外傳媒有限公司 (Sichuan Southwest Outdoor Media Company Limited), which is a domestic limited liability company established under the laws of the PRC, and is legally owned as to 70% by Fench Star and 30% by Southwest International. Southwest JV is accounted for as a 70%-owned subsidiary of the Company. Southwest JV’s principal place of business is in the PRC and its principal business is advertising
“Spectrum Plus”	Spectrum Plus Limited, which is a company incorporated in Hong Kong with limited liability and owned as to 50% by a wholly-owned subsidiary of Spectrum International Holding Limited and 50% by Mr. Lincoln Serejo Venancio. Spectrum Plus’ principal place of business is in Hong Kong and its principal business is the provision of management services
“Sponsor”	Morgan Stanley Dean Witter Asia Limited
“Sport Business Group”	Sport Business Group Limited, a research Company providing statistics in sport related business

DEFINITIONS

“Sports Group”	a business segment of the TOM Group principally engaged in sponsorship rights, sports marketing consultancy, event management and television programming in relation to sports events and programmes and creating or buying as well as licensing rights to sports events as further described in the section headed “Business” of this document
“State,” “state,” “PRC Government” or “PRC government”	the central government of the PRC including all political sub-divisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“State Council”	中國國務院 (the State Council of the PRC)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TBSAP”	Turner Broadcasting System Asia Pacific Inc.
“Telecom FIE Rules”	Administrative Rules for Foreign Investments in Telecommunications Enterprises (外商投資電信企業管理規定)
“Television and Entertainment Group”	a business segment of the TOM Group primarily engaged in air-time advertising sales, satellite television channel operations
“Tennis Management”	Tennis Management Limited, which is a company incorporated under the laws of the BVI with limited liability, and is owned as to 60% by the Company and 40% by Spectrum International Holding Limited. Tennis Management’s principal place of business is in Hong Kong and its principal business is investment holding
“Tennis Management Group”	Tennis Management and its subsidiaries
“Tianming”	河南新天明廣告有限公司(Henan Tianming Advertising Company Limited), a company established under the laws of the PRC with limited liability
“Tianming International”	北京天明國際投資管理有限公司(Beijing Tianming International Investment Management Company Limited), which is a domestic limited liability company established under the laws of the PRC and the registered owner of 50% of the registered capital of Tianming JV. Tianming International’s principal place of business is in the PRC and its principal business is advertising

DEFINITIONS

“Tianming JV”	河南新天明廣告信息傳播有限公司 (Henan New Tianming Advertising & Information Chuanbo Company Limited), which is a domestic limited liability company established under the laws of the PRC, and is legally owned as to 50% by Fench Star and 50% by Tianming International. Tianming JV is accounted for as a 50%-owned subsidiary of the Company. Tianming JV’s principal place of business is in the PRC and its principal business is advertising
“TOM China”	諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of TOM Online
“TOM Enterprises”	tom.com enterprises limited, a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Company
“TOM Group”	the Company and its subsidiaries (as defined in the Listing Rules)
“TOM Holdings”	TOM Holdings Limited, a company incorporated under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company
“TOM International”	TOM.COM INTERNATIONAL LIMITED, which is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“TOM OMG”	TOM Outdoor Media Group Limited (formerly known as Tom.com Outdoor Media Group Limited), a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Company
“TOM Online”	TOM Online Inc., a company incorporated under the laws of the Cayman Islands and is owned as to approximately 71.86% by the Company, whose shares are listed on GEM
“TOM Online Group”	TOM Online and its subsidiaries (as defined in the Listing Rules)
“TOM Outdoor”	TOM Outdoor Advertising Company Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“TOM TV”	TOM Television Group Limited, a company incorporated under the laws of the BVI with limited liability and a wholly-owned subsidiary of the Company
“U.S.A.”	the United States of America
“US\$” or “US dollars”	United States dollars, the lawful currency of U.S.A.

DEFINITIONS

“WTO”	World Trade Organisation
“Yang Cheng Advertising”	廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited), which is a domestic limited liability company established in the PRC and is owned as to 40% by Ms. Wang, 40% by Mr. Sheng and 20% by YC Head Office. Yang Cheng Advertising is accounted for as an 80%-owned subsidiary of the Company. Yang Cheng Advertising’s principal place of business is in the PRC and its principal business is advertising, corporate image design and sale of products
“Yang Cheng Sports”	廣東羊城報業體育發展有限公司 (Guangdong Yangcheng Press Sports Development Company Limited), which is a domestic limited liability company established in the PRC and is owned as to 70% by Ms. Wang, 10% by Mr. Sheng and 20% by YC Head Office. Yang Cheng Sports is accounted for as an 80%-owned subsidiary of the Company. Yang Cheng Sports’s principal place of business is in the PRC and its principal business is managing sponsorships and marketing of sports events and production of TV sports programmes
“YC Enterprise”	Yangcheng Enterprise Limited, which is a company incorporated in Hong Kong with limited liability and, which to the best knowledge of the Company is a subsidiary of YC Head Office. YC Enterprise’s principal place of business is in Hong Kong and its principal business is property rental
“YC Head Office”	羊城晚報經濟發展總公司 (Yangcheng Evening News Economic Development Corporation), which is an enterprise owned by the whole people (全民所有制企業) established in the PRC and owns 20% of the registered capital of each of Yang Cheng Advertising and Yang Cheng Sports respectively. YC Head Office’s principal place of business is in the PRC and its principal business is the provision of economic information consultancy services, printing, design and production of domestic and foreign advertisements
“YC Press Advertising”	Y.C. Press Advertising Limited, which is a company incorporated in Hong Kong with limited liability, and is owned as to 80% by the Company and 20% by YC Enterprise
“YCP Advertising”	YCP Advertising Limited, which is a company incorporated in Hong Kong with limited liability, and is owned as to 80% by the Company and 20% by YC Enterprise

DEFINITIONS

“YCWB”	廣東羊城晚報廣告公司(Guangdong Yangcheng Evening News Advertising Company), which is an enterprise owned by the whole people (全民所有制企業) established in the PRC and a subsidiary of YC Head Office. YCWB’s principal place of business is in the PRC and its principal business is design, production, distribution of domestic and foreign advertisements and acting as an advertising agent for distribution of domestic and foreign advertisements
“YZZK”	Yazhou Zhoukan Limited, which is a company incorporated in Hong Kong with limited liability and is accounted for as a subsidiary of the Company. YZZK is indirectly owned as to 50% by the Company and 50% by Skyland International Investment Limited, which in turn is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Ming Pao. YZZK’s principal place of business is in Asia and its principal business is publishing of regional news magazines
“ZenithOptimedia”	ZenithOptimedia is one of the world’s leading global media services agencies
“%” or “per cent.”	per cent.

For the purpose of illustration only and unless otherwise specified in this document, amounts denominated in RMB have been translated into US\$ at the rate of RMB8.28 = US\$1.00, amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1.00 = HK\$7.80 and amounts denominated in NT\$ have been translated into US\$ at the rate of NT\$34.50 = US\$1.00. No representation is made that the RMB, US\$ or NT\$ amounts could have been, or could be, converted into US\$ or HK\$ at such rates or at any other rate on such date or on any other date.

GLOSSARY

The glossary contains explanations of certain terms used in this document in connection with the TOM Group and its business. The terms and their meaning may not correspond to standard industry meaning or usage of these terms.

“3G”	third-generation, or 3G, wireless refers to the near-future state of wireless technology. 3G is expected to include capabilities and feature such as: • enhanced multimedia (voice, data, video and remote control); • usability on all popular modes (mobile phone, e-mail, paging, fax, video-conferencing and web browsing); • broad bandwidth and high speed of over 2 Mbps; • routing flexibility (repeater, satellite and LAN); • operations at approximately 2 GHz to transmit and receive frequencies; and • roaming capability throughout Europe, Japan and North America
“chat”	a form of interactive on-line communication that enables typed conversation to occur in real-time and to talk (or type) realtime to other network users from any and all parts of the world
“community”	an interacting population of various kinds of individuals in a common location
“content”	information contained in a website
“domain”	a part of the Internet name that specifies certain details about the host such as its location and whether it is part of a commercial, governmental, or educational entity, e.g. “.com”, “.net” and “.org”
“domain name”	the Internet name of a website which is registered with Network Solutions Inc., e.g. “tom.com”
“download”	to copy files from one computer to another via a network or using a modem
“e-commerce”	electronic commerce utilising the Internet
“EDI”	abbreviation for electronic data interchange, the transfer of data between different companies using networks, such as the Internet

GLOSSARY

“hit”	a statistic used to measure website activity. One hit is counted each time a user accesses on a different file on a website. Each page viewed on a website may contain many such files, so a single pageview or visit may account for multiple hits
“IDC”	International Data Corporation Asia Pacific Ltd., a company incorporated in Massachusetts, U.S.A. which provides information technology market research
“ICP”	Internet content provider is a company that provides content to Internet users
“Internet”	a global network of interconnected, separately administered public and private computer networks
“ISP”	Internet service provider, a company that provides businesses and individuals with access to the Internet
“IVR Services”	interactive-voice response, a service offered through mobile telephone networks that allows users to access pre-recorded information and to interact with each other in chat-rooms
“MMS”	multimedia messaging services
“Monternet”	a two-way communications service between mobile phones and/or the Internet provided by China Mobile, which allows users to send and download content such as background screens, ring tones, digital photographs and e-mails
“Network Solutions Inc.”	the registry for administering the top level domain names “.com”, “.net” and “.org”
“on-line”	being connected to other interconnected computers on the Internet
“portal”	a website that attracts visitors by offering free information or free services on a daily basis. The portal site can be used as a basis to explore the web. A portal is an entry point and gateway for surfing the Internet that provides useful web-related services and links
“server”	a computer on a network that manages network resources. For example, with a website, a server will store and distribute data used to interface with visitors to the website and distribute data to other servers with which it is networked
“SMS”	short messaging services
“traffic”	the volume of web users visiting a website

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“UNI-Info”	a two-way communications service between mobile phones and/or the Internet provided by China Unicom, which allows users to send and download content such as background screens, ring tones, digital photographs and e-mails
“WAP”	wireless access protocol
“web”	world wide web, a full-colour, multimedia database of information on the Internet. The web comprises network of computer servers that uses a special communications protocol to link different servers throughout the Internet and permits communication of text, graphics, video and sound
“web page”	a single file that can be displayed on the web
“website”	world wide website, a collection of web pages located in one computer and linked together

RISK FACTORS

You should carefully consider all of the information in this document including the risks and uncertainties described below with regard to the TOM Group.

RISKS RELATING TO THE TOM GROUP'S BUSINESS

The TOM Group

The Company relies on dividends, other distributions on equity and other payments paid by its subsidiaries, its associated companies and its jointly controlled entities to fund any cash requirements it may have.

The Company is principally a holding company. The Company relies on dividends and other distributions on equity paid by its subsidiaries, its associated companies and its jointly controlled entities and service fees for its cash requirements in excess of any cash raised from investors and retained by it. If any of the Company's subsidiaries incurs debt or other material financial obligations in the future, the terms governing the debt or financial obligation may restrict their ability to pay dividends or make other distributions to the Company. Further, the Company's subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the Convertible Bonds issued by the TOM Holdings or to provide the Company with funds for the Company's payment obligations, whether by dividends, distributions, loans or other payments. Any payment of dividends, distributions, loans or advances by the Company's subsidiaries will also be contingent upon their earnings and could be subject to contractual restrictions. If any of the Company's subsidiaries incurs debt in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to the Company. In addition, PRC law permits payment of dividends by the Company's subsidiaries that are incorporated in the PRC only out of their net income, if any, determined in accordance with PRC accounting standards and regulations. Under PRC law, those subsidiaries are also required to set aside a portion of their distributable profits in each year to general reserve, and this reserve is not distributable as dividends. Any limitation upon the payment of dividends by the Company's subsidiaries could materially adversely affect its ability to grow, fund investments, make acquisitions, and otherwise fund and conduct its business.

The TOM Group has only recently attained profitability, and the TOM Group has incurred operating losses since its incorporation and may incur losses in the future.

The TOM Group has incurred operating losses, before one time expenses and non-cash provisions, for each of the three years ended 31 December 2000, 2001 and 2002 amounting to approximately HK\$383 million, HK\$231 million and HK\$106 million, respectively. The TOM Group reported its first operating profits for the year ended 31 December 2003 amounting to approximately HK\$92 million. The TOM Group's profitability in the future is dependent on a number of factors, including its ability to successfully integrate acquired companies and achieve margin improvement and continued growth in its business lines. There can be no assurance that the TOM Group's profitability will be sustained in the future.

The TOM Group may not be able to integrate acquired companies or businesses successfully.

The TOM Group's business model includes pursuing a wide range of acquisition transactions with a focus on building a portfolio of media assets in Greater China to offer consumers and advertisers a wealth of content across multiple media platforms. As of December 2003, the TOM Group has acquired and invested in over 30 companies (which are accounted for as subsidiaries, associated companies and

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investment securities of the Company) and joint ventures since it embarked on its diversification strategy in 2000. The TOM Group expends significant time and management attention both before and after each acquisition on integration issues, including negotiating terms of initial restructuring, training, providing know-how and business support and creating new incentive structures for management and staff. There can be no assurance, however, that such measures will be effective in successfully integrating the acquired companies or businesses into the TOM Group's existing operations or to create profitable businesses. Delays in integration or unresolved corporate culture issues may divert the TOM Group's management attention and resources from other uses, which may adversely affect the TOM Group's business, financial position and results of operations.

The TOM Group depends on certain key executives and its business may be disrupted if it loses the services of its key executives.

The TOM Group's success depends to a significant extent upon the continued services of its executive officers and other key management personnel, in particular its chief executive officer, Mr. Sing Wang and its chief financial officer, Ms. Tong Mei Kuen, Tommei. The unavailability of the continuing services of its executive officers and other key management personnel may have a material adverse effect on the TOM Group's business.

Intellectual property is important to the TOM Group's business, and unauthorised use of any of its intellectual property by third parties may adversely affect its business.

The TOM Group regards the copyrights, service marks, trademarks, domain names, trade secrets and other intellectual property rights that it uses as important to its business, and any unauthorised use of such intellectual property by third parties may adversely affect its business and reputation. The TOM Group relies on the protection of the intellectual property laws and contractual arrangements with its employees, clients, business partners and others to protect such intellectual property rights. Despite precautions taken by the TOM Group, third parties may still be able to obtain and use such intellectual property rights without authorisation. Furthermore, the validity, enforceability and scope of protection of intellectual property in Internet-related industries in the PRC is uncertain and still evolving, and these laws may not protect intellectual property rights to the same extent as the laws of some other jurisdictions. In addition, as a substantial portion of the TOM Group's products comprises intellectual property rights, part of which it acquires from third parties, there can be no assurance that the proprietary interests in such intellectual property rights provided by third parties to the TOM Group is authorised for use by the TOM Group or will not be challenged, invalidated or circumvented. If any third party were to make valid intellectual property rights infringement claims against the TOM Group, it could be required to pay substantial monetary damages.

The TOM Group may be subject to intellectual property infringement claims, which may force it to incur substantial legal expenses and, if determined adversely against it, materially disrupt the TOM Group's business.

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The TOM Group sources some of its content from the public domain, including from third party websites for which copyrights may not be clearly identified, and it cannot be certain that its products and services do not or will not infringe upon valid patents, copyrights or other intellectual property rights held by third parties. The TOM Group has, in the past, been subject to certain legal proceedings and claims relating to intellectual property, and it may in the future be subject to similar or other legal proceedings and claims relating to intellectual property in its ordinary course of business. The TOM Group does not believe that its business operations have been materially adversely affected by the legal proceedings or claims in which it was previously involved. However, if the TOM Group is found to have infringed the intellectual property rights of others in the future, it may be enjoined from using such intellectual property, and it may incur licensing fees or be forced to develop alternative intellectual property. The TOM Group may also incur substantial expenses in defending against third party infringement claims, regardless of their merit. Successful infringement claims against it may result in substantial monetary liability or severe disruptions to its business operations.

Any future outbreak of SARS and any other epidemic in Hong Kong, the PRC and/or Taiwan may have a material adverse effect on the business operations, financial condition and results of operations of the TOM Group.

From December 2002 to June 2003, the PRC, Hong Kong, Taiwan and certain other countries experienced an outbreak of SARS. On 5 July 2003, the World Health Organisation declared that SARS had been contained. On 9 September 2003, however, a new case of SARS was reported in Asia. While the recent outbreak of SARS may have increased the usage of the Internet, as well as the usage of the TOM Group's products and services, an outbreak of SARS or any other epidemic in the future may disrupt the TOM Group's business operations and have a material adverse effect on its financial condition and results of operations. For instance, a new outbreak of SARS or any other epidemic may reduce the level of economic activity in affected areas, which may lead to a reduction in the TOM Group's advertising revenue if the TOM Group's clients cancel existing contracts or defer advertising expenditures. In addition, health or other government regulations may require temporary closure of the TOM Group's offices, or the offices of its advertisers, content providers or partners, which will severely disrupt its business operations and have a material adverse effect on its financial condition and results of operations.

Though the TOM Group took some emergency measures during the SARS outbreak in 2003, it has not adopted any written preventive measures or contingency plans to combat any future outbreak of SARS or any other epidemic.

The TOM Group's strategy of acquiring complementary assets, technologies and businesses may fail and may result in equity or earnings dilution.

As part of its business strategy, the TOM Group has acquired and intends to identify and acquire assets, technologies and businesses that are complementary to its existing business. Acquired businesses or assets may not yield the results it expects. In addition, acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortisation expenses related to goodwill and other intangible assets and exposure to potential unknown liabilities of acquired business. Moreover, the costs of identifying and consummating acquisitions and integrating the acquired business into the TOM Group's business may be significant.

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The TOM Group's operating results may fluctuate significantly and may differ from market expectations.

The TOM Group's annual and quarterly operating results have varied significantly in the past, and may vary significantly in the future, due to a number of factors, many of which are beyond the TOM Group's control. The TOM Group's revenue may also fluctuate due to changes in policies or guidelines implemented by the government authorities and service providers. As a result, the TOM Group believes that year-to-year and quarter-to-quarter comparisons of the TOM Group's past operating results are not indicative of the TOM Group's probable future performance. In addition, the TOM Group's future operating results may not meet the expectations of financial analysts, investors and other market participants, and the trading price of the Shares may fall.

Any future financing may cause a dilution of the shareholding in the TOM Group or place restrictions on the operations of the TOM Group.

In 2003, the TOM Group had raised finances in transactions which involved the issuance of new Shares. The TOM Group may in the future engage in further financing to raise capital for its operations. Any such future financing may cause a dilution of the shareholding in the TOM Group or place restrictions on the operations of the TOM Group.

CKH who, together with HWL, are controlling shareholders of the Company, their businesses may be in competition with the Company, and they may not always act in the best interests of the Company or its other shareholders

The interests of CKH, who together with HWL, are the Company's controlling shareholders, could conflict with the interests of the Company or its minority shareholders. As a result, the controlling shareholders of the Company may take actions that may not be in the best interests of the Company or its other shareholders.

If the TOM Group is unable to generate revenues from advertising or it were to lose its large advertisers, its business would be harmed.

Revenue from advertising is the primary source of revenues for the Publishing Group, the Sports Group and the Television and Entertainment Group. Advertising revenues are cyclical and dependent upon general economic conditions. Historically, decreases in advertising revenues have corresponded with general economic downturns and regional and local economic recessions.

In addition, if companies perceive the magazines published by the Publishing Group, sponsorships of sporting events organised by the Sports Group or marketing programmes of the Television and Entertainment Group to be limited or ineffective advertising media, they may be reluctant to advertise in such magazines, sporting events or marketing programmes. The ability of the TOM Group to generate significant advertising revenues are dependent, in part, on the level of spending by advertisers, which is impacted by a number of factors beyond its control, including general economic conditions, changes in consumer purchasing and leisure habits and changes in the retail sales environment. The TOM Group's existing competitors and potential new competitors may have significantly greater financial, technical and marketing resources than the TOM Group. These companies may be able to undertake more extensive

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marketing campaigns, adopt aggressive advertising pricing policies and devote substantially more resources to attracting advertising customers.

There can be no assurance that the Company will be allowed by the Stock Exchange to effect a spin-off of parts of its businesses to be held under a separate listed entity within three years of its listing on the Main Board, consequently it may not be able to take advantage of market conditions or the attractive valuation in any of its businesses by effecting a spin-off at that time

In order to continue to achieve growth and enhance the shareholders' value, the TOM Group expects to continue to pursue mergers and acquisitions opportunities and consider spinning off parts of its businesses to be held under a separate listed entity, as in the case of TOM Online. Whilst the TOM Group currently does not have any concrete plan to effect a spin-off of any parts of its businesses, it may determine to do so if market conditions prevail or the valuation of any of its businesses is sufficiently attractive. As a company listed on the Main Board, it is required by the current Listing Rules to comply with all the requirements under Practice Note 15 of the Listing Rules, inter alia, paragraph 3 (b) of Practice Note 15 of the Stock Exchange Listing Rules, prohibits spin-offs by new listed issuers within three years of the date of listing, unless the Company applies for and the Stock Exchange grants any waivers from the strict compliance of any provisions of Practice Note 15 of the Listing Rules. If a spin-off is proposed to be effected within three years of its listing on the Main Board, the Company will at that time refer the proposal to the listing division of the Stock Exchange for consideration and guidance. Therefore, there can be no assurance that the Company will be allowed by the Stock Exchange to effect such a spin-off within three years of its listing on the Main Board, consequently it may not be able to take advantage of market conditions or the attractive valuation in any of its businesses by effecting a spin-off at that time.

The Internet Group

A substantial portion of the Internet Group's business and revenue depends on the mobile telecommunications operators, and any loss or deterioration of its relationship with any such operators may result in severe disruptions to its business operations and the loss of a significant portion of its revenues.

The Internet Group derives a significant portion of its revenues from the provision of wireless value-added services which includes providing mobile phone users with short messaging services, or SMS, such as news subscriptions, mobile e-mail, dating and download products, providing multimedia messaging services, or MMS, and wireless application protocol, or WAP, services and wireless interactive voice response, or wireless IVR services. For the year ended 31 December 2003, wireless value-added services revenue represented a majority portion of the Internet Group's total revenues. As the Internet Group's current business plan is to further grow its wireless value-added services and expand its subscriber base, it will continue to rely on wireless value-added services to generate a significant portion of its revenues.

The Internet Group provides these services through a series of cooperation agreements with a number of mobile telecommunications operators in the PRC, which are subsidiaries of China Mobile and China Unicom, the only two mobile telecommunications operators in the PRC that currently provide wireless value-added services to mobile phone users. Pursuant to these agreements, the mobile telecommunications operators bill and collect fees from mobile phone users for the wireless value-added services.

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The Internet Group relies entirely on the networks and gateways of China Mobile and China Unicom to provide the Internet Group's wireless value-added services. Due to the Internet Group's reliance on the mobile telecommunications operators for its wireless value-added services, any loss or deterioration in its relationship with any of the mobile telecommunications operators or deterioration in terms of commercial arrangements with these mobile telecommunications operators may result in severe disruptions to its business operations and the loss of a significant portion of its revenue, and a material adverse effect on its financial condition and results of operations.

The Internet Group's financial condition or results of operations may be materially affected by the changes in policies or guidelines of the mobile telecommunications operators and any breach or perceived breach by the Internet Group of the policies or guidelines imposed by the mobile telecommunications operator, particularly with respect to content provided on or linked through the Internet Group's websites, may result in material adverse action.

The mobile telecommunications operators in the PRC may, from time to time, issue certain operating policies or guidelines, requesting or stating its preference for certain actions to be taken by all wireless value-added service providers using their platforms. Due to the Internet Group's reliance on the mobile telecommunications operators, a significant change in their policies or guidelines may have a material effect on the Internet Group.

Further, the mobile telecommunications operators in the PRC may impose policies or guidelines to govern or restrict the content provided by all wireless value-added service providers, including content developed by the Internet Group or content supplied by others to the Internet Group. The mobile telecommunications operators from time to time have requested wireless value-added services providers, including the Internet Group, to remove objectionable content or links to or from websites with certain categories of content, including content they may deem to be sexually explicit. There is no assurance that the mobile telecommunications operators will not from time to time find certain portions of the Internet Group's content to be objectionable.

In the case of a breach or perceived breach of such policies or guidelines, the mobile telecommunications operators may require the Internet Group to reduce or curtail the content on the Internet Group's Internet portal, and the mobile telecommunications operators may have the right to impose monetary fines upon the Internet Group, or terminate the Internet Group's cooperation with them. In addition, the Internet Group would be liable to the mobile telecommunications operators for their economic losses pursuant to the Internet Group's agreements with these operators if the Internet Group was found to be in breach of the policies or guidelines promulgated by them. As a result of the occurrence of any of the above, the Internet Group's financial condition and results of operations may be materially adversely affected.

The Internet Group faces intense competition in the wireless value-added services market, which could reduce its market share, and materially adversely affect its financial condition and results of operations.

The PRC wireless value-added services market has seen an increasing number of entrants due to its low barrier of entry. The markets for wireless value-added and Internet services and products are intensely competitive. In addition, the wireless value-added services and Internet industries are relatively new and constantly evolving, and as a result, some of the Internet Group's competitors may be able to

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better position themselves to compete in these markets as they mature. Some of the Internet Group's major competitors have certain advantages over the Internet Group, including greater brand recognition among users, a longer operating track record and ready access to capital markets because of their listing status. With these advantages, the Internet Group's competitors may be better able to develop, market and sell their products and services. There can be no assurance that the Internet Group will be able to compete successfully against its current or future competitors.

There are risks associated with the Internet Group's acquisition of Puccini, each of which may result in a material adverse effect on the Internet Group's operating or financial performance.

The Internet Group recently acquired Puccini, which provides wireless IVR services through LTWJi. Wireless IVR services are relatively new, therefore there are no established markets or proven track record in the PRC. LTWJi's business may not be as successful as it has been in the past, it may not perform as well as the Internet Group expects or may not generate the synergies the Internet Group expects. If any of these happens, the Internet Group's revenue and profitability may not grow as the Internet Group expects.

The purchase price for the acquisition includes an earn-out consideration based on Puccini's 2004 audited consolidated net profit. The total purchase price for the acquisition is subject to a maximum consideration of US\$150,000,000, half of which is payable in cash and half in TOM Online's ordinary shares. Any further payment of such earn-out consideration may further increase the Internet Group's goodwill substantially. As a result, if the Internet Group is required to take any goodwill impairment charges in future periods, such charges may have a material adverse effect on the Internet Group's net income.

If the Internet Group is not able to respond successfully to technological or industry developments, the Internet Group's business may be materially adversely affected.

The telecommunications market is characterised by rapid advancements in technology, evolving industry standards and changes in customer needs. New services or technologies may render the Internet Group's existing services or technologies less competitive or obsolete. Responding and adapting to technological developments and standard changes in the Internet Group's industry, the integration of new technologies or industry standards or the upgrading of the Internet Group's networks may require substantial time, effort and capital investment. In the event that the Internet Group is unable to respond successfully to technological industry developments, this may materially adversely affect the Internet Group's business, results of operations and competitiveness.

Outdoor Media Group

The operating results of the Outdoor Media Group are affected by general economic conditions and trends in the advertising industry.

The TOM Group's Outdoor Media Group relies on sales of outdoor advertising space for its revenues, and its operating results are affected by general economic conditions as well as trends in the advertising industry. A reduction in advertising expenditures available for the Outdoor Media Group's displays could result from a general decline in economic conditions in the PRC where the Outdoor Media

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Group conducts its business, a reallocation in advertising expenditures to other available media, or a reduction in advertising expenditure, by significant users of the Outdoor Media Group's displays.

The Outdoor Media Group faces increasing competition in the outdoor advertising industry and from other forms of advertising.

The Outdoor Media Group faces competition in its advertising markets from other outdoor advertising companies. Over the past few years, there has been a significant increase in the variety and diversity of out-of-home media formats, including billboards, unipoles, light boxes and other advertising displays in shopping malls, airports, stadiums, supermarkets and on taxis, buses and trains, as well as in city centres and along highways and bus routes. In addition, other forms of advertising media such as television, broadcast radio, magazines and newspapers add to the competitive pressure which may have a material adverse effect on the Outdoor Media Group's profitability and financial performance. While the Outdoor Media Group's business plan has enabled it to compete successfully with other forms of outdoor advertising media in its markets to date, there can be no assurance that the Outdoor Media Group will be able to continue to do so in the future.

The Outdoor Media Group believes that over the last few years, the outdoor advertising expenditure in the PRC has increased more rapidly than the overall advertising expenditure in the PRC. However, the Outdoor Media Group does not know and cannot be sure whether this trend will continue or whether in the future outdoor advertising expenditure will grow slower than the advertising industry as a whole. The Outdoor Media Group's business, financial condition and results of operations would be materially and adversely affected if the Outdoor Media Group's major customers reallocate their advertising expenditure or budgets to other forms of outdoor advertising.

The Outdoor Media Group may not be able to make strategic acquisitions for growth.

One element of the Outdoor Media Group's growth strategy is to make strategic acquisitions in markets in which it currently operates as well as in new markets. While the Outdoor Media Group believes that the outdoor advertising industry in the PRC is highly fragmented and that significant acquisition opportunities are available, the Outdoor Media Group is likely to face competition from other outdoor advertising companies for attractive acquisition opportunities. In addition, if prices sought by sellers of outdoor advertising displays continue to rise, the Outdoor Media Group may have difficulty in finding suitable acquisition opportunities.

Certain media assets of the Outdoor Media Group is dependent on the grant and retention of concessions from entities authorised by local authorities in the PRC.

The Outdoor Media Group operates its business in the PRC with concessions granted by entities authorised by local governmental agencies in the cities in which it operates in respect of certain of its media assets. Such concessions could be terminated by the entities authorised by local governmental agencies upon giving reasonable notice. The grounds for termination may include (but are not limited to) circumstances where the Outdoor Media Group's business activities contravene PRC law, the concessions or its business activities are regarded as detrimental to social public interest or are against mandatory provisions of law or administrative regulations. If the Outdoor Media Group were to lose its existing concessions in respect of these media assets, it would be unable to provide certain outdoor advertising services for its customers in the PRC, and its results of operations would be adversely affected.

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Currently, concessions granted by local government agencies are for a fixed period generally between 5 to 15 years. Upon the expiration of such concessions, the local government agencies could decide not to renew its concessions with the Outdoor Media Group. Moreover, local government agencies are increasingly granting such concessions by way of auctions by outdoor media providers. There is no assurance that the Outdoor Media Group can renew its existing concessions and can be successful in bidding for further concession rights.

Outdoor advertising media (including those owned or operated by the Outdoor Media Group) located in the relevant localities may be demolished or relocated in accordance with any local town-planning policies or development plans that may be in place from time to time. Compensation may be available to those affected by any such town-planning policies or development plans (“Affected Parties”), which compensation may or may not be adequate to compensate any damages, losses, costs and expenses suffered or incurred by the Affected Parties in relation thereto.

The PRC government censors advertising content and imposes liability on advertising companies for publishing advertising content which is in breach of certain regulations, which may limit the Outdoor Media Group’s business operations.

In the PRC, the advertising business is governed by the PRC Advertising Law which came into effect on 1 February 1995. The PRC Advertising Law stipulates that advertisers, advertising operators and distributors, including entities such as the Outdoor Media Group, that engage in advertising activities are liable for the accuracy of the content of the advertisements and have to ensure that the advertised products, activities or services are in full compliance with applicable laws. The contents of advertisements for commodities such as pharmaceuticals, medical apparatus, agrichemicals and veterinary drugs are subject to censorship and official or unofficial guidelines. If the Outdoor Media Group’s operations are viewed as being in breach of these regulations, penalties including fines, confiscation of advertising fees, orders to cease dissemination of the advertisement, orders to publish an advertisement correcting the misleading information and, in cases of serious breaches, revocation of the Outdoor Media Group’s advertising licence, may be imposed. Such enforcement action could distract management’s attention and have an adverse effect on the Outdoor Media Group’s business, financial position and results of operations.

The Outdoor Media Group’s advertising business operations may be affected by regulatory changes.

The Outdoor Media Group is unable to predict additional regulations that may be imposed on outdoor advertising in the PRC in the future. Such changes (including changes to current interpretation or understanding of practice) may have retroactive effects. Changes in laws and regulations governing the content of outdoor advertising, the Outdoor Media Group’s business licenses or otherwise affecting outdoor advertising in the PRC may have material adverse effects on the Outdoor Media Group’s business operations.

Publishing Group

Increases in paper prices, postal rates or distribution costs could adversely affect the Publishing Group.

Paper cost is a substantial component of the manufacturing expenses of the Publishing Group. The market for paper has historically been cyclical, resulting in volatility in paper prices. An increase in

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paper prices could materially adversely affect the operating performance of the Publishing Group unless and until it is able to pass any increases through to consumers. In addition, any increases in the postage and distribution cost could materially adversely affect the profitability of the Publishing Group unless and until it is able to pass any such increases through to consumers.

The Publishing Group may not be able to successfully compete with other competitors or with other forms of entertainment.

The Publishing Group derives its revenues from subscriber-based fees, sales, advertising and licensing, for which it competes with various other media, including magazines, newspapers, television, radio and Internet websites that offer customers information and services similar to the products provided by the Publishing Group. The Publishing Group also competes with providers of alternative leisure activities and media. Competition could result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the financial performance of the Publishing Group.

The Publishing Group competes with companies that deliver content through similar platforms and with companies that operate in different media businesses. There can be no assurance that the Publishing Group can remain as competitive as it currently is with companies that have greater resources or that offer alternative entertainment and information options.

Consolidation in the markets in which the Publishing Group operates could place it at a competitive disadvantage.

Some of the markets in which the Publishing Group operates have experienced significant consolidation. In particular, the combinations of traditional media content companies and new media distribution companies have resulted in new business models and strategies. Similarly, the consolidation of book retailers has increased the reliance of the Publishing Group on certain customers. The Publishing Group cannot predict with certainty the extent to which these types of business combinations may occur or the impact that they may have. These combinations could potentially place the Publishing Group at a competitive disadvantage with respect to negotiations, scale, resources and its ability to develop and exploit new media technologies.

The Publishing Group may not be able to retain or attract creative, editorial and sales personnel that it needs to remain competitive and grow.

The Publishing Group operates in a number of highly visible industry segments where there is intense competition for experienced and highly effective individuals, such as authors and editors. Its successful operations in these segments may increase the market visibility of members of its key management, creative and editorial teams and result in their recruitment by other businesses. The loss of certain of its high profile authors could harm the business of the Publishing Group. In addition, the Publishing Group depends largely upon the experience, knowledge of local market dynamics and long-standing customer relationships of such personnel. The inability of the Publishing Group to retain or hire effective sales people at economically reasonable compensation levels could materially and adversely affect its ability to operate profitably and grow its business.

RISK FACTORS

The Publishing Group's reliance on intellectual property and proprietary rights that may not be adequately protected under current laws in some jurisdictions may adversely affect its results and its ability to grow.

The Publishing Group's products are largely comprised of intellectual property delivered through a variety of media, including magazines and books. The Publishing Group rely on trademark, copyright and other intellectual property laws to establish and protect its proprietary rights in these products. One of the Publishing Group's major markets is the PRC and the extent of effective legal protection for intellectual property rights in the PRC is still uncertain. This uncertainty could affect the Publishing Group's future growth. Moreover, despite trademark and copyright protection, third parties may still be able to copy, infringe or otherwise profit from the Publishing Group's proprietary rights without its authorisation. In addition, the distribution network and channels in the PRC may not be as effective and efficient compared with more matured markets such as Taiwan and Hong Kong. This might hinder the growth potential of the Publishing Group in the PRC and may also result in a longer credit period being offered to its customers in the PRC.

Taiwan's economic, political and social conditions, as well as its relationship with the PRC, could affect the Publishing Group's business.

Geographically, Taiwan and Hong Kong are the two largest markets for the Publishing Group's products contributing 92 per cent. and 8 per cent., respectively of the Publishing Group's turnover for the year ended 2003. Accordingly, the financial condition and results of operations of the Publishing Group and the market price of the Shares may be affected by changes in governmental policies, taxation, inflation, interest rates, social instability and other political, economic, diplomatic or social developments in or affecting Taiwan which are outside of the Publishing Group's control. Taiwan has a unique international political status. The PRC government asserts sovereignty over all of China (being Taiwan, certain other islands and all of the PRC). The Taiwanese government does not recognise the legitimacy of the PRC government and the PRC government does not recognise the legitimacy of the Taiwanese government. Although significant economic and cultural relations have been established in recent years between Taiwan and the PRC, from time to time, there has been significantly increased tension between Taiwan and the PRC. Relations between Taiwan and the PRC may also affect the Publishing Group's financial condition and results of operations and the market price and liquidity of the Convertible Bonds and the Shares. No assurance can be given that the relations between Taiwan and the PRC will improve, or that future military or economic activities will not be undertaken by either government to the detriment of the other.

Sports Group

The Sports Group faces substantial competition that may intensify.

The Sports Group faces substantial competition in its major business areas, including, in particular, entertainment content production, distribution and advertising in the PRC. The PRC sports marketing industry is relatively new and constantly evolving and, as a result, the Sports Group's competitors may better position themselves to compete in this market as it matures. Some of the Sports Group's major competitors are major international marketing agencies. In addition, the Sports Group may face competition from existing or new domestic agencies that are either affiliated with large corporations or controlled or sponsored by PRC government entities. These competitors may have certain advantages over the Sports

RISK FACTORS

Group, including greater financial and technical resources, more extensive and well developed marketing and sales network and greater global brand recognition among the sports arena. There can be no assurance that the Sports Group will be able to compete successfully against its current or future competitors.

The Sports Group's revenue is dependent on the success of its sports events.

A proportion of the Sports Group's revenue is generated from ticket sales and sponsorships of the sports events organised by the Sports Group. The success of such sports events is dependent on several factors, including, among others, player participation, audience attendance, its ability to attract advertisers and sponsors and its ability to provide effective advertising delivery and measurement systems. Sponsorship support can also be affected by corporate clients switching their focus and funds. In order to promote such sports events, the Sports Group may incur substantial costs in advertising and promotion of such sports events. The Sports Group may also incur substantial costs to invite top sports personalities to appear in such sports events. The investment costs in organising such sports events by the Sports Group is also substantial.

However, despite all the above efforts, there can be no assurance that such sports events can generate sponsorships and ticket sales which would cover the expenses incurred in organising such sports events.

The success of the Sports Group's sports events may be affected by factors beyond its control. This volatility would affect the Sports Group's revenue.

The Sports Group's revenue is heavily reliant on the success of its sports events. However, many of such sports events can be cancelled based on factors which are beyond the Sports Group's control. The outbreak of SARS in 2003, has meant that many of the sports events scheduled in 2003 were either postponed or cancelled. Sponsor and world sporting federations have decided to host their events elsewhere. Also, most outdoor sports events will be affected by unfavourable weather. Heavy rains and typhoons can affect sports events resulting in postponement and cancellations and could also affect audience attendance. Any future outbreaks of SARS or other epidemic and unpredictable weather can adversely affect the success of the Sports Group's sports events. In such event, the Sports Group's profitability may be adversely affected.

The Sports Group's revenue is dependent on the success of the sports personalities and sports teams it represents.

The Sports Group's business includes obtaining commercial rights and exclusive representation of sports personalities and the PRC's national sports teams, including the China National Table Tennis Team and the China National Women Volleyball Team. The Sports Group generates its income from organising sports events featuring teams and players represented by the Sports Group. The success of such sports events is dependent on the continued success of such national teams in the world sports arena, which is beyond the Sports Group's control. There is no assurance that the teams and sports personalities represented by the Sports Group can remain competitive in the world sporting arena. In such event, the Sports Group's business may be affected.

RISK FACTORS

Television and Entertainment Group

The Television and Entertainment Group faces substantial competition that may intensify.

The Television and Entertainment Group faces substantial competition in its major business areas, including, in particular, entertainment content production, distribution and advertising in the PRC. In content production, state-owned or state-sponsored producers have a dominant position, with many domestic private producers and licensors of foreign productions contributing to a highly competitive segment of the PRC entertainment market. There are also many larger competitors, including both state-owned and private ones, in the entertainment distribution and advertising segments. Although the Television and Entertainment Group hopes to improve its competitive position by creating synergies with its other media business lines and thereby increasing its visibility in the PRC entertainment industry, there can be no assurance that such efforts will be sufficient to improve its competitiveness.

The Television and Entertainment Group may not realise the expected benefits of the acquisition of CETV.

The Television and Entertainment Group completed the acquisition of CETV on 15 September 2003. CETV generated losses of HK\$73 million for the first six months of 2003. There is no assurance that the Television and Entertainment Group will succeed in integrating the operations of CETV without encountering difficulties or that it will realise the expected operating efficiencies, synergies, increased sales and profits and other benefits from the integration or that CETV will ever be profitable. The diversion of the management's attention and any difficulties encountered in the transition and integration process could have a material adverse effect on the operating results of the Television and Entertainment Group.

It is difficult to predict the effect that rapid technological change or alternative forms of entertainment may have on the Television and Entertainment Group or the television programming industry.

The entertainment industry continues to undergo significant changes, primarily due to technological developments. Due to the rapid growth of technology and shifting of consumer tastes, it is difficult to accurately predict the overall effect that technological growth or the availability of alternative forms of entertainment may have on the revenue and profit potential of television programming which is currently the core business of the Television and Entertainment Group.

RISKS RELATING TO THE PRC

A substantial portion of the TOM Group's assets are located in the PRC and a substantial portion of its revenue is derived from its operations in the PRC. Accordingly, the TOM Group's results of operations and prospects are subject, to a significant extent, to the economic, political and legal developments in the PRC.

The industries in which the TOM Group's businesses are engaged are highly regulated by the PRC government. If the TOM Group fails to obtain or maintain all pertinent permits and approvals, the TOM Group's business operations may be materially adversely affected.

RISK FACTORS

TOM Group's businesses operate within the media industry in the PRC, which is highly regulated by the PRC government. Laws and regulations issued or implemented by the State Council, the MII, and other relevant regulatory authorities strictly regulate many aspects of these industries, including: regulation and censorship of content, distribution of content, ownership of companies and any investments by the TOM Group. Any change to the laws and regulations or the interpretation or enforcement of these laws and regulations may have a material impact on the TOM Group's business. Further, the TOM Group is required to obtain applicable permits or approvals from different PRC regulatory authorities in order to provide the services required to maintain its businesses. If the TOM Group fails to obtain or maintain any of the required permits or approvals, the TOM Group may be subject to various penalties, such as fines or suspension or a shut down of operations, which could severely disrupt the TOM Group's business operations. As a result, the TOM Group's financial condition and results of operations may be materially and adversely affected. The Company has been advised by its PRC legal advisers, Commerce & Finance Law Offices, that the TOM Group has obtained all permits and approvals from the relevant government authorities in the PRC that are required in respect of its existing businesses.

The laws and regulations governing the industries in the PRC, which the TOM Group's businesses are engaged in, are constantly developing and subject to future changes, and substantial uncertainties exist as to the interpretation and implementation of those laws and regulations.

In recent years, the PRC government has begun to enact laws and regulations applicable to the various industries which the TOM Group's businesses are engaged in, many of which are relatively new and untested and subject to future changes. In addition, various regulatory authorities of the central PRC government, such as the State Council, the MII, the State Administration of Industry and Commerce, the State News and Publication Administration, SARFT, and the Ministry of Public Security, are empowered to issue and implement regulations to regulate certain aspects of these industries. Furthermore, some local governments may promulgate additional local rules applicable to companies operating within their respective jurisdictions. As a result of the foregoing, substantial uncertainties exist regarding the interpretation and implementation of current and future PRC laws and regulations. While the TOM Group has been advised by the Company's PRC legal counsel, Commerce & Finance Law Offices, that the TOM Group are in all material respects in compliance with all applicable PRC laws and regulations currently in effect, the TOM Group cannot assure investors that the TOM Group will not be found in violation of any current or future PRC laws and regulations due to these substantial uncertainties.

The PRC's economic, political and social conditions, as well as government policies, could affect the TOM Group's business.

The PRC economy differs from the economies of most developed countries in many respects, including:

- amount of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

RISK FACTORS

While the PRC economy has experienced significant growth in the past twenty years, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the TOM Group. For example, the TOM Group's financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years, the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

In order to comply with the PRC regulatory requirements, the TOM Group operates through companies in which it does not have ownership stakes. If the PRC government determines that these arrangements are not in compliance with applicable regulations, the business of the TOM Group in the PRC would be adversely affected.

The PRC government restricts foreign investment in Internet-related, wireless, advertising (including online and outdoor advertising) and the production and distribution of audio-visual products businesses. Such restrictions relate to Internet access, distribution of content over the Internet, online and outdoor advertising and the production and distribution of audio-visual products. Accordingly, the TOM Group operates its Internet-related businesses and its outdoor advertising business and the distribution and sale of audio-visual products business in the PRC through several companies that are owned principally or completely by certain PRC nationals. The subsidiaries of the TOM Group held under such contractual arrangements accounted for approximately, 51.7%, 1,938.5% and 32.8% of the TOM Group's turnover, net profit and net assets, respectively for the year ended and as at 31 December 2003. The TOM Group controls these companies and operates these businesses through contractual arrangements with the respective companies and their individual owners. Such restrictions and arrangements are prevalent in other non-PRC companies the TOM Group acquires.

In the opinion of Commerce & Finance Law Offices, the Company's PRC legal counsel, the TOM Group is in all material respects in compliance with current PRC laws and regulations. There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations, including but not limited to the laws and regulations governing the enforcement and performance of the TOM Group's contractual arrangements in the event of imposition of statutory liens, death, bankruptcy and criminal proceedings. Accordingly, the TOM Group cannot assure investors that PRC regulatory authorities will not take a view contrary to the opinion of the TOM Group's PRC legal counsel. If the TOM Group is found not to be in compliance with any regulation, the PRC government could revoke its business and operating licenses, require the discontinuance of, or restrict, its operations, impose additional conditions or requirements with which the TOM Group may not be able to comply, impose restrictions on its business operations, or take other regulatory or enforcement actions against the

RISK FACTORS

TOM Group that could be harmful to its business. The TOM Group may also encounter difficulties in obtaining performance under or enforcement of related contracts and materially affect the TOM Group's business, financial condition and results of operations.

Due to regulatory limitations, the TOM Group conducts some of its businesses in the PRC through contractual arrangements with several companies, which it does not have ownership stakes, and individuals. These contractual arrangements may not be as effective in providing operational control as direct ownership of these businesses.

PRC laws and regulations currently restrict foreign ownership of companies that provide Internet access, distribution of content over the Internet, online and outdoor advertising and distribution and retail of audio-visual products. Accordingly, the TOM Group operates its Internet-related businesses, its outdoor advertising business and television and entertainment business in the PRC through a series of contractual arrangements with several companies which it does not have ownership stakes and individuals. The TOM Group's contractual arrangements with these companies and individuals may not be as effective in providing control over the TOM Group's operations as direct ownership of these businesses as these arrangements will not preserve the TOM Group's control in the occurrence of certain events which may be outside the control of such individuals, the Directors and the TOM Group, including the imposition of statutory liens, judgments, court orders, death or incapacity.

If the companies and individuals to the TOM Group's contractual arrangements fails to comply with, or refuse to renew, the TOM Group's contractual arrangements, the TOM Group's business may be disrupted.

In order to comply with current PRC laws and regulations, the TOM Group has entered into a series of contractual arrangements with several companies and individuals to operate its Internet-related businesses and its outdoor advertising business in the PRC. If these companies and individuals fail to perform or make payments as required under these contractual arrangements, the TOM Group would have to rely on legal remedies under the PRC legal system to enforce these contractual arrangements which may be less effective than in other jurisdictions. Any legal proceedings could be disruptive to the TOM Group's business. There can be no assurance that the results of such legal proceedings would be satisfactory to the TOM Group. In addition, these contractual arrangements expire at specific times, and the TOM Group may have difficulty renewing these contracts if the TOM Group's relationship with these companies and individuals deteriorates or due to other reasons.

An economic slowdown in the PRC may adversely affect the TOM Group's financial condition and results of operations, as well as its future prospects.

The TOM Group conducts most of its business and generates most of its revenues in the PRC. As a result, economic conditions in the PRC have a significant effect on its business operations, financial condition and results of operations, as well as its future prospects. Since 1978, the PRC has been one of the world's fastest growing economies in terms of growth in gross domestic product. There can be no assurance, however, that such growth will be sustained in the future. Moreover, the recent slowdown in the economies of U.S.A., the European Union and certain Asian countries may adversely affect economic growth in the PRC. In addition, if an outbreak of SARS recurs, it may cause a decrease in the level of economic activity and may adversely affect economic growth in the PRC, Asia and elsewhere in the world. There can be no assurance that the TOM Group's financial condition and results of operations, as well as its future prospects, will not be adversely affected by an economic downturn in the PRC.

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There are uncertainties regarding interpretation and enforcement of PRC laws and regulations.

The PRC legal system is based on statutory law. Under this system, prior court decisions may be cited as persuasive authority but do not have binding effect based on precedent. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. As some of these laws, regulations and legal requirements are relatively new and there is only limited publication of judicial interpretations, the interpretation and enforcement of these laws, regulations and legal requirements involve some uncertainties. These uncertainties could limit the legal protection available to the TOM Group.

There are risks related to exchange rates and currency conversion in the PRC.

All of the TOM Group's revenues in the PRC are denominated in Renminbi. To pay dividends to the Shareholders outside the PRC, a portion of the TOM Group's Renminbi revenue must be converted into HK dollars. Pursuant to the Regulations on the Foreign Exchange Settlement, Sale and Payment (the "Settlement Regulations"), foreign currencies required for the distribution of profits and payments of dividends may be purchased from designated foreign exchange banks upon presentation of board resolutions authorising the distribution of profits or dividends of the Company. With effect from 1 January 1994, the PRC government abolished its two-tier exchange rate system between Renminbi and foreign currencies and substituted it with a unified floating exchange rate system largely based on market supply and demand. Under the new system, The People's Bank of China ("PBOC") publishes a daily exchange rate for Renminbi based on the previous day's dealings in the inter-bank foreign exchange market. In light of the introduction of this unified floating exchange rate system, movements in the exchange rate of Renminbi against other currencies, such as the US dollars, are to a certain extent, subject to market forces. On 20 June 1996, the PBOC promulgated the Regulations on the Settlement Regulations, which came into effect on 1 July 1996. The Settlement Regulations abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. In summary, all foreign exchange receipts (from capital injection or sales) must be deposited in a foreign exchange account opened with the designated bank approved to operate foreign exchange business by SAFE. Foreign exchange under current account items (such as dividends and profits) can be remitted abroad upon presentation of necessary documents, including auditors' report, capital verification report, foreign exchange registration certificate and tax certificate as well as other documents required by SAFE. Foreign exchange under capital account items (such as interest and repatriation of capital) may be remitted abroad upon presentation of necessary documents and subject to approval of SAFE. Despite such development, the Renminbi is still not freely convertible. Under the current foreign exchange control system in the PRC, there is no assurance that sufficient foreign currency will be available at a given exchange rate to satisfy the demand of a particular enterprise in full. There can be no assurance that shortages in the availability of foreign currency will not restrict the TOM Group's ability to obtain sufficient foreign currency to pay dividends on its Shares or to satisfy its other foreign currency requirements.

The conversion of Renminbi is subject to certain foreign exchange control regulations in the PRC. The TOM Group's business operations undertaken in the PRC would be subject to the same regulations. As at 31 December 2003, the TOM Group had Renminbi cash of the equivalent of HK\$290 million in the PRC.

RISK FACTORS

Fluctuation of the Renminbi could materially affect the value of the Company's ordinary shares.

The value of the Renminbi fluctuates and is subject to changes in PRC political and economic conditions.

Since 1994, the conversion of Renminbi into foreign currencies, including HK dollars and US dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates. Since 1994, the official exchange rate for the conversion of Renminbi to HK dollars and US dollars has generally been stable. Any devaluation of the Renminbi, however, may adversely affect the value of, and dividends, if any, payable on, the Shares in foreign currency terms, since the TOM Group will receive a substantial portion of its revenues in Renminbi.

INFORMATION ABOUT THIS DOCUMENT AND THE INTRODUCTION

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document contains particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules of Hong Kong (as amended) and the Listing Rules for the purpose of giving information to the public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this document misleading, and all opinions expressed in this document have been arrived at after due and careful consideration and are found on the bases and assumption that are fair and reasonable.

This document is published in connection with the Introduction. It may not be used for any other purpose and, in particular, no person is authorised to use or reproduce this document or any part thereof in connection with any offering, or invitation to the offer, of the Shares or other securities of the Company. Accordingly, there is no, and will not be any, offer of or solicitation, or an invitation by or on behalf of the Company and the Sponsor to subscribe for or purchase any of the Shares. Neither this document nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Introduction may be used for the purpose of making, and the delivery, distribution and availability of this document or such other document or information (or any part thereof) does not constitute, any offer of or solicitation or an invitation by or on behalf of the Company and the Sponsor to subscribe for or purchase any of the Shares.

NO CHANGE IN BUSINESS

No change in the business of the TOM Group is contemplated following the Introduction.

APPLICATION FOR LISTING ON THE MAIN BOARD

The Company has applied to the Listing Committee for the listing of, and permission to deal on the Main Board in, (i) the Shares in issue; (ii) any Shares which may be issuable upon the exercise of any options which were granted under the Pre-IPO Share Option Plan or the Share Option Scheme; (iii) any Shares which may be issuable upon the exercise of any options which may, prior to the termination of the Share Option Scheme, be granted under the Share Option Scheme or any options which may be granted under the Proposed Share Option Scheme; (iv) any Shares which may be issuable upon the exercise of the conversion rights under the Convertible Bonds; and (v) any Shares issuable by the Company as further described in the section headed "Summary of outstanding Shares to be issued by the TOM Group" in Appendix VIII to this document. Except that prior to the Introduction, the Shares are listed on GEM, no part of the Company's share or loan capital is listed or dealt in on any other stock exchange. At present, the Company is not seeking or proposing to seek listing or permission to deal in any of its securities on any other stock exchange.

INFORMATION ABOUT THIS DOCUMENT AND THE INTRODUCTION

WAIVERS FROM STRICT COMPLIANCE WITH RULES 10.07 AND 10.08 OF THE LISTING RULES

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the restrictions on further issues of securities within six months of listing on the Main Board as required by Rule 10.08 of the Listing Rules and a consequential waiver from strict compliance with the restrictions under Rule 10.07 of the Listing Rules in respect of the deemed disposal of Shares by the controlling shareholders of the Company upon the issue of securities by the Company within six months of listing of the Shares on the Main Board (“Deemed Disposal Waiver”). Save and except for the Deemed Disposal Waiver, the controlling shareholders of the Company are subject to the restrictions on disposal of Shares under Rule 10.07 of the Listing Rules.

DISCONTINUATION OF QUARTERLY REPORTING

Under the GEM Listing Rules, the Company is required to publish its quarterly results on the Internet website operated by the Stock Exchange. Upon its listing on the Main Board, the Company will cease the practice of quarterly reporting and will follow the relevant requirement of the Listing Rules which include, among other things, through paid announcements on newspapers generally circulated in Hong Kong, publish its interim results and the annual results within three months and four months from the end of relevant period or financial year-end respectively. The Directors are of the view that quarterly results may not reflect the full year performance of the TOM Group, as they are bound to be affected by various matters beyond the control of the TOM Group, such as the market strategies of the various participants in the market and the holidays in a particular quarter. The Directors are of the view that following the reporting requirements under the Listing Rules will provide investors and shareholders a relatively complete picture of the performance of the TOM Group during the relevant period without being affected by the factors described above.

SHARES WILL CONTINUE TO BE ELIGIBLE FOR ADMISSION INTO CCASS

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 1 March 2000, the date dealings in the Shares on GEM commenced. Subject to the granting of the listing of, and permission to deal in, the Shares on the Main Board by the Stock Exchange and the continual compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

All necessary arrangements have been made with HKSCC for the Shares in issue and the Shares which may fall to be issued upon the exercise of, any options which may, prior to the termination of the Share Option Scheme, be granted unless the Share Option Scheme and any options which were granted under the Pre-IPO Share Option Plan and the Share Option Scheme and which may be granted under the Proposed Share Option Scheme, to continue to be accepted as eligible securities of CCASS.

INFORMATION ABOUT THIS DOCUMENT AND THE INTRODUCTION

STAMP DUTY

Dealings in Shares registered in the Hong Kong branch register of members kept by the Company will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential Shareholders are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in the Shares. None of the Company, the Sponsor, any of their respective directors, agents or advisors or any other person or party involved in the Introduction accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or dealing of Shares.

CONDITIONS OF THE INTRODUCTION

The Introduction is subject to the fulfilment of the conditions that, amongst other things, the Listing Committee granting the listing of, and permission to deal on the Main Board in, (i) the Shares in issue; (ii) any Shares which may be issuable upon the exercise of any options which were granted under the Pre-IPO Share Option Plan or the Share Option Scheme; (iii) any Shares which may be issuable upon the exercise of any options which may, prior to the termination of the Share Option Scheme, be granted under the Share Option Scheme or any options which may be granted under the Proposed Share Option Scheme; (iv) any Shares which may be issuable upon the exercise of the conversion rights under the Convertible Bonds; and (v) any Shares issuable by the Company as further described in the section headed “Summary of outstanding Shares to be issued by the TOM Group” in Appendix VIII to this document.

The Shares are currently listed on GEM. Immediately prior to the Introduction, the listing of the Shares on GEM will be withdrawn in accordance with the GEM Listing Rules. The Extraordinary General Meeting will be convened to approve, amongst other things, the withdrawal of the listing of the Shares on GEM.

The Directors expect that dealings in the Shares on the Main Board are to commence on or about 4 August 2004. Shares will continue to be traded in board lots of 2,000 Shares each.

DIRECTORS AND PARTIES INVOLVED IN THE INTRODUCTION

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Sing Wang	House No. 81, Palm Drive The Redhill Peninsula No. 18 Pak Pat Shan Road Hong Kong	Chinese
Ms. Tong Mei Kuen, Tommei	Flat 25B, Block 6 Julimount Garden, Tai Wai New Territories, Hong Kong	Chinese
Non-executive Directors		
Mr. Frank John Sixt (<i>Chairman</i>)	Flat G/B, Knightsbridge Court No. 28 Barker Road, The Peak Hong Kong	Canadian
Ms. Chang Pui Vee, Debbie	Apartment A, 2nd Floor, The Somerset 67 Repulse Bay Road Repulse Bay, Hong Kong	American
Mrs. Chow Woo Mo Fong, Susan	9A, Po Garden, 9 Brewin Path Mid-Levels, Hong Kong	British
Mr. Ip Tak Chuen, Edmond	Flat B2, 10th Floor Park Place No. 7 Tai Tam Reservoir Road Hong Kong	British
Mrs. Lee Pui Ling, Angelina*	Flat C1, 10th Floor Kingsford Gardens 210 Tin Hau Temple Road Hong Kong	British
Mr. Holger Kluge	33 Delisle Avenue Suite 509, Toronto Ontario, M4V 3C7 Canada	Canadian

DIRECTORS AND PARTIES INVOLVED IN THE INTRODUCTION

Name	Address	Nationality
Mr. Wang Lei Lei	1001, Building 1 Xiao Yang Yi Bin Street Dong Cheng District Beijing The PRC	Chinese

Independent non-executive Directors

Mr. Cheong Ying Chew, Henry	Flat C2, 5th Floor Park Place 7 Tai Tam Reservoir Road Hong Kong	British
Ms. Wu Hung Yuk, Anna	10th Floor 106 MacDonnell Road Mid-Levels, Hong Kong	Chinese
Mr. James Sha*	66 Stockbridge Avenue Atherton, CA 94027 U.S.A.	American

PARTIES INVOLVED IN THE INTRODUCTION

Sponsor	Morgan Stanley Dean Witter Asia Limited 30th Floor, Three Exchange Square Central Hong Kong

Auditors and reporting accountants	PricewaterhouseCoopers <i>Certified Public Accountants</i> 22nd Floor, Prince's Building Central Hong Kong

* *Currently, Mr. James Sha is a non-executive Director and Mrs. Lee Pui Ling, Angelina is an independent non-executive Director. Mr. Sha and Mrs. Lee will be re-designated as an independent non-executive Director and a non-executive Director respectively, with effect from the Listing Date.*

DIRECTORS AND PARTIES INVOLVED IN THE INTRODUCTION

Legal advisers to the Company

as to Hong Kong law

Woo, Kwan, Lee & Lo
27th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

as to PRC law

Commerce & Finance Law Offices
#714 Huapu International Plaza
19 Chaowei Avenue
Beijing 100020
The PRC

Beilang Law Firm

Floor 5
Beijing Capital Hotel
3 Qian Men East Street
Beijing 100006
The PRC

as to Cayman Islands law

Maples and Calder Asia
1504 One International Finance Centre
1 Harbour View Street
Hong Kong

as to Taiwan law

Tsar & Tsai
8th Floor
245 Dun Hua South Road Sec.1
Taipei 106
Taiwan

as to Malaysia law

Shearn Delamore & Co.
7th Floor
Wisma Hamzah-Kwong Hing
No. 1 Leboh Asnpang
50100 Kuala Lumpur
Malaysia

DIRECTORS AND PARTIES INVOLVED IN THE INTRODUCTION

Legal advisers to the Sponsor

Slaughter and May
47th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

Property valuer

DTZ Debenham Tie Leung Limited
10th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

CORPORATE INFORMATION

Registered office	P.O. Box 309 Ugland House South Church Street George Town Grand Cayman Cayman Islands British West Indies
Principal place of business in Hong Kong	48th Floor, The Center 99 Queen's Road Central Central Hong Kong
Company website	www.tomgroup.com
Company secretary	Ms. Mak Soek Fun, Angela
Qualified accountant	Ms. Tong Mei Kuen, Tommei
Authorised representatives	Ms. Tong Mei Kuen, Tommei Flat 25B, Block 6 Julimount Garden Tai Wai, New Territories Hong Kong Ms. Mak Soek Fun, Angela Flat 4B, Ka Yee Court 23-27 Mosque Street Hong Kong
Audit committee	Mr. Cheong Ying Chew, Henry (independent non-executive Director) Mrs. Lee Pui Ling, Angelina (non-executive Director) (<i>Note 1</i>) Mr. James Sha (<i>Note 2</i>) (independent non-executive Director) (<i>Note 1</i>) Ms. Wu Hung Yuk, Anna (independent non-executive Director)

CORPORATE INFORMATION

Remuneration committee

Mr. Frank John Sixt (non-executive Director)
(his alternate, Mrs. Chow Woo Mo Fong,
Susan (non-executive Director))
Mr. Sing Wang (executive Director)
(his alternate, Ms. Tong Mei Kuen,
Tommei (executive Director))
Ms. Chang Pui Vee, Debbie (non-executive Director)
Mrs. Lee Pui Ling, Angelina
(non-executive Director) (*Note 1*)
Mr. Cheong Ying Chew, Henry
(independent non-executive Director)

Share registrar

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Principal bankers

The Hongkong and Shanghai Banking
Corporation Limited
Citibank, Hong Kong
DBS Bank Limited

Notes:

1. Currently, Mr. James Sha is a non-executive Director and Mrs. Lee Pui Ling, Angelina is an independent non-executive Director. Mr. Sha and Mrs. Lee will be re-designated as an independent non-executive Director and a non-executive Director respectively with effect from the Listing Date.
2. Ms. Tong Mei Kuen, Tommei is currently a member of the audit committee. With effect from the Listing Date, Mr. James Sha will be appointed as a member, and Ms. Tong Mei Kuen, Tommei will cease to be a member of the audit committee.

INDUSTRY OVERVIEW

The information in the section below has been derived, in part, from various published sources or obtained in communications with PRC government agencies unless otherwise indicated. This information has not been independently verified by the Company, the Sponsor or any of their respective affiliates or advisors and accept no responsibility for the accuracy of such information. The information may not be consistent with other information compiled within or outside the PRC.

The TOM Group engages in a variety of businesses within the media industry, namely, the Internet industry, the mobile telecommunications industry, wireless value-added services industry, the outdoor media industry, the publishing industry, the sports industry, and the television and entertainment industry across the PRC, Taiwan and Hong Kong.

THE PRC INTERNET AND MOBILE TELECOMMUNICATIONS INDUSTRIES

The Internet industry in the PRC has experienced rapid growth in recent years. According to the CNNIC, the number of Internet users in the PRC has grown from approximately 23 million as of 31 December 2000 to approximately 80 million as of 31 December 2003, making the PRC the second largest Internet market in the world. Factors contributing to the rapid growth of the Internet industry in the PRC include increased investment in information technology infrastructure, more affordable and diversified means of Internet access, expanding computer ownership and the development of more sophisticated Internet content. The Internet market is expected to continue to experience rapid growth over the next few years. IDC estimated that the PRC will have 154 million Internet users by 2007.

According to the PRC's MII, the PRC is now the world's largest mobile telecommunications market with approximately 269 million mobile phone users as of 31 December 2003, up from approximately 85 million as of 31 December 2000. However, mobile phone penetration in the PRC is still low compared to other countries. The table below sets forth mobile telecommunications market data indicated as of 31 December 2003 and GDP per capita for certain countries indicated as of 31 December 2002:

	As of 31 December		
	2003	2003	2002
	Mobile	Mobile	
	telephone	telephone	GDP
	users ⁽¹⁾	penetration	per capita
	(millions)	(%)	(US\$)
United Kingdom	50.4	83.9	26,376
South Korea	34.2	71.0	10,006
Japan	81.2	64.0	31,293
U.S.A.	153.9	54.4	36,123
The PRC	268.7	20.3	966
India	20.7	2.0	491

(1) Number of mobile phone numbers.

Sources: World Bank for GDP per capita data. MII and IDC for "mobile telephone" data. IDC for "mobile telephone" penetration data.

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Compared to other countries, the PRC has a very low credit card penetration rate, and relies heavily on cash on-demand as the primary payment method. As a result, it has been very difficult for ISPs in the PRC to collect fees directly from users through personal computers. On the other hand, the PRC mobile telecommunications services operators, such as China Mobile, have established an internal payment system that enables them to collect payments from their users. As a result, it has been more convenient for Internet portals in the PRC to collect payments from their users through arrangements with mobile telecommunications operators.

THE PRC WIRELESS VALUE-ADDED SERVICES INDUSTRY

The wireless value-added services business is a new and rapidly growing sector of the mobile telecommunications industry that allows mobile phone users to receive and transmit text, images and other forms of digital and voice data on their handsets. Wireless value-added services providers have utilised the billing and payment collection system for Internet portals to deliver their products and services over the mobile telecommunications infrastructure. Furthermore, mobile telecommunications operators in the PRC have promoted the development of a wireless value-added services market to increase the traffic volume through their networks and maintain their average revenue per user, which has steadily decreased in recent years.

The wireless value-added services industry in the PRC is similar to NTT DoCoMo, Inc.'s i-mode model. According to this model, each of the mobile telecommunications operators in the PRC provides a service platform, which allows third parties to provide wireless value-added products and services, such as ring tones, greeting cards, news, sports updates, weather, games and dating services to mobile phone users. The operators generate revenue by acting as billing and fee collection agents, thereby retaining a portion of the revenue generated from the sale of these products and services, as well as any transmission or air-time fees.

The wireless value-added services are provided to the end user through the cooperation of several players in the value chain. Content providers, such as the media, create the content to be delivered to the end user. Internet portals and service providers, such as the TOM Group, aggregate and repackage such content to be delivered through platforms of mobile telecommunications operators, such as China Mobile and China Unicom. End users receive content and services through mobile phones manufactured by mobile phone producers, such as Nokia and Bird.

Products and Services

Wireless value-added services include wireless data services and wireless IVR services. Wireless data is any form of digital data transmitted to or from a mobile phone, including SMS messages, MMS messages, Internet transmissions based on WAP technology, and interactive games based on Java™ technology. Wireless IVR services allows users to access voice content from their mobile phones.

Mobile telecommunications operators in the PRC have plans to upgrade their networks to offer third generation, or 3G, wireless telecommunications services, which will enable users to transmit larger amounts of data more quickly, including more sophisticated content, such as streaming media and multi-user games. The PRC government is conducting tests of internationally recognised standards for 3G wireless telecommunications services as a preliminary step before issuing 3G telecommunications operator

INDUSTRY OVERVIEW

licenses. No timetable for issuing 3G licenses has been announced by the PRC government. The greater ease of data transmission, as facilitated by new and upgraded technologies and networks, is expected to lead to increased demand for enhanced wireless value-added services, including services that utilise more sophisticated content such as streaming media and multi-user games.

THE PRC ONLINE ADVERTISING INDUSTRY

Companies in the PRC are spending an increasing amount on advertisements through Internet portals to promote their products and services to the large Internet user base. According to IDC, the online advertising market in the PRC will grow from approximately US\$63 million in 2002 to approximately US\$344 million in 2007, representing a compound annual growth rate of approximately 40.4%.

Online advertising allows companies to reach users who tend to be young, well-educated, relatively affluent, and are online in high concentration. By analysing their impression frequency, click-through rates and conversion rates, advertisers can also gather consumer behavior information with respect to those users.

According to a survey conducted by CNNIC in December 2003, the PRC Internet users are relatively receptive to online advertising. In particular, approximately 12.4% of the respondents said they often look at online advertising, and approximately 9.8% said they often refer to online advertising when deciding on what products to buy.

The growth in Internet use is also attracting a wider spectrum of companies to advertise online. According to IDC, most online advertisers in 2000 were Internet companies, telecommunications companies and information technology companies. In 2001 and 2002, the number of finance, automobile and pharmaceutical companies advertising online increased. Telecommunications companies and information technology companies continue to outnumber other online advertisers in the PRC.

Although online advertising in the PRC has increased in recent years, total advertisement spending per Internet user remains much lower than total advertisement spending per television viewer. Advertisement spending per Internet user rose from US\$0.85 in 2001 to US\$1.21 in 2003, according to data derived using the number of Internet users from MII and the online advertising revenue data from IDC.

OUTDOOR MEDIA INDUSTRY

The outdoor media industry has become a highly important component of the display advertising market, which also includes advertising by means of television, magazines, cinemas and the Internet. Outdoor advertising is broadly defined as all advertising communication that is experienced outside of the home and is seen as a more effective way of delivering more detailed, eventful and periodic marketing messages and is currently experiencing a resurgence as broadcast and print media continue to fragment and as advertisers seek more effective forms of mass media. Outdoor advertising includes traditional billboards, bus shelters, transport advertising, point-of-sale advertising and electronic and video displays. Additionally, the vastly improved quality of the graphics and printing has allowed outdoor advertising to become much more effective.

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The PRC Outdoor Media Industry

The outdoor advertising industry in the PRC is highly fragmented, with most operations being run locally. Nevertheless, the outdoor media industry in the PRC has grown rapidly for the past five years. According to the State Administration of Industry and Commerce, the number of outdoor advertising carriers increased from 1,442,758 in 2001 to 1,756,025 in 2002, representing a growth of approximately 21.7%. Outdoor advertising turnover increased from approximately RMB8.04 billion in 2001 to RMB9.99 billion in 2002, representing a growth of approximately 24.3%. According to ZenithOptimedia published in December 2003, the outdoor media industry accounted for up to 13% of the total advertising spending in the PRC in 2002. The outdoor advertising industry is still projected to grow, with an expected growth rate of 15% in 2003 and 2004.

The outdoor advertising industry in the PRC consists of three principal types of activities: street furniture, transportation and billboards. Municipalities and local governments have in recent years encouraged the growth of the outdoor advertising industry by leasing land and granting rights to use public property for outdoor advertising in the form of billboards, street furniture and other transport advertising.

The key source of revenue for outdoor media operators are advertising revenue and consultancy fees. Capital expenditure for constructing outdoor assets and concession rights are the major expenditure for this industry.

Outdoor media, as compared to other media, is subject to relatively less regulatory oversight and allows foreign investors to own a majority stake. From 2005 onwards, foreign investors will be allowed to own 100% of outdoor advertising companies in the PRC.

THE PUBLISHING INDUSTRY

The PRC Publishing Industry

The PRC's publishing industry has seen major developments in recent years, with the publication of a large number of well accepted, high quality cultural products. According to the PRC's Economic Information Network published in June 2003, in 2002, more than 178,900 categories of books were out of press, representing an increase of 12% over the previous year. Also, currently, the PRC has in circulation over 8,000 magazine titles, over 2,000 newspaper titles and has over 560 book publishers.

The PRC's publishing industry is highly regulated and until recently, was generally state-owned. The General Administration of Press and Publishing, a department of the central government strictly controls the number of publishers, and each publisher is assigned a certain number of titles according to their rank. In preparation for increased international competition after the PRC's entry into WTO, the PRC's publishing market has gone through a nationwide restructuring and has established nearly 40 press groups, seven publishing groups, five distribution groups, and one periodical group.

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According to Euromonitor International published in March 2003, units sales of books amounted to approximately 7.1 billion in 2002. Value sales in 2002 reached approximately RMB46.1 billion, or approximately US\$5.57 billion, representing an increase of 31.6% from 1998. The increase in book prices and an increase in sales of more expensive imported and copyright-imported books are all contributors to this growth. Further, according to Euromonitor International published in March 2003, the PRC publishing industry is expected to grow to approximately RMB80.4 billion, or approximately US\$9.7 billion by 2007.

The PRC's publishing distribution market is large but fragmented with most distributors being small in scale and having limited financial resources. As a result, the Postal Bureau which owns the national postal distribution system, and thus the only delivery system that reaches every household, has a near monopoly position in the distribution of newspapers and magazines. Recently, as part of the PRC's entry to the WTO, the PRC's publishing distribution market (both retail and wholesale) has been gradually liberalised. The following chart summaries the various stages key milestones in the liberalisation process:

By 1 May 2003	The market for retail distribution of newspapers, magazines and books open to foreign investors through equity joint ventures, co-operative joint ventures or wholly foreign owned enterprises.
By 1 December 2004	The market for wholesale distribution of newspapers, magazines and books open to foreign investors through equity joint ventures, co-operative joint ventures or wholly foreign owned enterprises.
5 years after the PRC's entry to the WTO (by the end of 2006)	All restrictions on foreign investments will be lifted.

Source: State Administration of Press and Publication

The PRC Publishing Advertising Industry

Magazine and newspapers publishing industries' main sources of revenue are advertising income and circulation income. According to ZenithOptimedia published in December 2003, the newspapers advertising industry in the PRC is expected to grow by 20% to reach US\$2.7 billion in 2003 and 15% to reach US\$3.1 billion in 2004 and the magazine advertising industry is expected to grow 15% to reach US\$211 million in 2003 and 15% to reach US\$243 million in 2004. The liberalisation brought forward by the PRC's entry into the WTO, increased competitions from both domestic and international players, funding from foreign investors, and the size of the PRC's population is expected to gradually drive the future growth and commercialisation of the industry.

The Taiwan Publishing Industry

Taiwan's publishing market is worth approximately US\$1.7 billion, which is relatively small as compared to the PRC and Hong Kong. However, according to statistical data published by the Taiwanese government, as of 30 June 2003, there were 603 newspapers, 4,405 magazine titles in circulation, 841 news agencies and 6,701 publishing houses in Taiwan.

INDUSTRY OVERVIEW

Sales of books in Taiwan is highly concentrated among three mediums: mail-order channels, sub-wholesalers or distributors and through bookstores and other outlets. Mail channels are increasingly becoming more popular because compilation of catalogue and book brochures is a much simpler process, particularly with the flexibility of the Internet technology. According to Euromonitor International published in April 2003, multiple booksellers and independent booksellers dominated value sales of books with a 66% share in 2002.

In recent years, over ten new magazine publishing groups, each publishing at least five magazines have emerged into the Taiwanese magazine publishing industry. These new magazine titles are mostly written in Chinese, however English language periodicals and magazines and bilingual (Chinese and English) titles are also in circulation. Amongst the different magazine categories, financial magazines, women magazines and computer magazines remain the most popular titles and generate higher advertising revenues for magazine publishers.

Taiwan's Publishing Advertising Industry

Magazine and newspapers publishing industries' main sources of revenue are advertising income and circulation income. Due to the Asian financial crisis, advertising revenue in the newspapers sector in Taiwan has fluctuated in recent years. In contrast, the magazine sector in Taiwan has experienced steady growth. Generally, as Taiwan is a relatively mature market, steady growth is expected in the near term. According to ZenithOptimedia published in December 2003, the newspapers advertising industry is expected to grow by 2% to reach US\$431 million in 2003 and 5% to reach US\$453 million in 2004 and the magazine advertising industry expected to experience growth of 5% to reach US\$250 million in 2003 and 5% to reach US\$262 million in 2004.

Hong Kong Publishing Industry

Hong Kong is a regional publishing centre, where many major international publishers have established their Asian headquarters and is a highly competitive market. According to the statistics of the Hong Kong Trade Development Council, as of May 2003, there were 50 newspapers titles and 738 periodicals registered with the Television and Entertainment Licensing Authority in Hong Kong. Publications providing news, information and commentaries published at intervals not exceeding six months are required to be registered with the Television and Entertainment Licensing Authority under the Registration of Local Newspapers Ordinance in Hong Kong. Out of the 50 newspapers registered titles, 25 are published in Chinese, 13 are published in English, 6 are published in both Chinese and English and the remaining 6 are published in other languages. Out of the 738 periodicals registered titles, 506 are published in Chinese, 129 are published in English, 106 are published in both Chinese and English and the remaining 17 are published in other languages.

Another main area of the Hong Kong publishing industry is the publishing of books. In 2001, a total of 10,813 books and 11,649 periodical were registered as being first printed, produced or published in Hong Kong. Similar to Taiwan, translated books from foreign titles have become increasingly popular in recent years. Many international book publishers have established offices in Hong Kong for managing the production, marketing and distribution of books for the Hong Kong market and other overseas markets, particularly the PRC, U.S.A., United Kingdom, and the PRC markets accounted for approximately 70% of Hong Kong's total printing exports. In 2002, Hong Kong was United State's fourth largest supplier, the PRC's largest supplier and Taiwan's second largest supplier of imported books and newspapers.

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Hong Kong's Publishing Advertising Industry

Magazine and newspapers publishing industries' main sources of revenue are advertising income and circulation income. The Asian financial crisis in recent years have adversely affected the advertising revenue in the newspapers and magazine sectors in Hong Kong. With the absence of a significant growth catalyst, slower paced growth is expected in both the newspapers and magazine advertising industries in the near future. Newspapers advertising reached US\$763 million in 2003 and is expected to reach US\$801 million in 2004, according to ZenithOptimedia published in December 2003.

THE PRC SPORTS INDUSTRY

Sports Marketing, Properties and Sponsorship

The PRC sports industry has historically been funded and tightly controlled by the PRC's State Sports General Administration, regional or provincial government and national associations. Since the 1990s, PRC sports have experienced significant change and growth in sponsorship, branding, advertising and promotions. A critical factor which attributed to this change was that the PRC government has allowed sports authorities to move away from state funding to become financially self-supportive.

Most notably in the last decade, sports marketing in the PRC has begun to develop into a mainstream sport-business industry. Lead international agencies were responsible for pioneering the parameters for the industry. However, in recent years several reputable PRC agencies are emerging to compete with foreign players, as are new entrants, both foreign and domestic, to serve niche aspects of sports marketing.

The increasing commercialisation in the sports industry in the PRC has generated increased sponsorship investments and the future marketing of branded events present opportunities for growth, with the 2008 Olympic Games being the most significant opportunity and growth catalyst for the industry. Further, as the impact of WTO directives gradually takes effect, government regulations and policies are expected to be streamlined.

According to Sports Business Group published in May 2002, leading sports such as football and basketball have benefited the most from sports investments. However, other sports are beginning to have their properties, rights and sponsorship potential tapped with development of sports such as tennis and sponsorship of golf benefiting from increasing funding. The PRC federations now enjoy double-digit growth in their annual revenues, whereas 25%-100% increases are being expected in rights fees when an agreement is due for renewal. Sports sponsorship by domestic enterprises is also rapidly increasing in importance.

Sports Media

Sports media in the PRC is a large industry with strong demand. According to Sports Business Group published in May 2002, print media are well established with up to 40 sports newspapers in addition to specialist magazines. Sports television channels in the PRC have wide reach with CCTV5, a dedicated sports channel for CCTV, the national terrestrial, cable and satellite provider, reaching a maximum of 90 million urban households or around 360 million individuals. The Internet is also expected to serve as an increasingly important platform in an integrated portfolio of sports communication services as well.

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Unlike other major markets, the PRC's sports market is mainly funded by sponsorship revenue and not television or other media rights. As the sporting industry grows, sport properties such as events and sponsorship are expected to increase in value for rights holders. Going forward, the area of valuing, negotiating and paying for these sports media commercial rights, such as television and other media rights should drive structural change and growth for the PRC's sports media industry, which will likely be influenced by models, standards and practices in Europe and U.S.A..

THE PRC TELEVISION AND ENTERTAINMENT INDUSTRY

The broadcasting industry in the PRC is regulated by the SARFT, a ministry which reports to the State Council. All program genres are required to be vetted and approved by provincial and municipal authorities before they are permitted to be aired to viewers. In the past, all television production can only be undertaken by state-owned enterprises. Recently, the PRC has begun to relax these regulations and in August 2003, the SARFT granted eight domestic private companies licences to produce television programmes.

Television broadcasting in the PRC began in September 1958 and has since undergone significant growth. By the end of 2002, there were 420 television stations and over 800 cable networks in the PRC. According to CMM Intelligence, PRC households owning television sets in 2002 exceeded 448 million, accounting for approximately 93.9% of the total number of households in the PRC, and making the PRC the largest television market in the world with over one billion people being able to watch television programmes. Television ownership stands at 98% in the PRC's wealthiest cities – Beijing, Shanghai and Guangzhou – and around 92% in the next ten major cities with a population of over three million. Television broadcasting has penetrated the PRC urban areas as well as rural areas.

The national television channel, CCTV, is free-to-air access as the voice of the nation. Most households also subscribe to the local city or provincial cable and satellite channels. Subscription rates of US\$1-2 per month are affordable whilst pay per view and video on demand services are being planned by CCTV, Guangdong Cable Television and others.

In order to tap foreign expertise and capital to develop its broadcasting industry, the PRC government is gradually liberalising the media market to foreign participation. However, only limited concessions have been granted to foreign companies given concern over control of content and protection of domestic media groups. Currently, there are 29 authorised overseas channels to broadcast to high end hotels and foreigner communities in the PRC, and 5 foreign channels which have been granted official landing rights in Guangdong province.

Television advertising revenues have experienced similarly rapid growth in the PRC. According to ZenithOptimedia, in 2002, total revenue for television advertising reached RMB23.1 billion (approximately US\$2.79 billion), accounting for approximately 44.0% of the total advertising revenue in the country. In the same year, the PRC was the second largest advertising market in the Asia Pacific region, behind Japan. Advertising revenue currently accounts for a significant part of the revenue of television broadcasters in the PRC. According to ZenithOptimedia, advertising revenue in the television industry in the PRC is expected to grow by 20% in 2003 and 15% in 2004.

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OVERVIEW OF THE PRC ECONOMY

The PRC's economy, the world's second largest (measured at purchasing-power parity), has been gradually liberalising and expanding since Deng Xiaoping introduced market reforms 20 years ago. According to the World Bank, in 2002 the PRC's GDP reached approximately US\$1.2 trillion, representing a per capita GDP of approximately US\$950. According to the Tenth Five-Year Plan, the PRC Government expects to achieve an average 7% annual GDP growth in the years 2001 to 2005.

According to ZenithOptimedia, the PRC economy is slowing, but even so continues to expand rapidly. GDP grew by 8.0% in 2002 and is expected to grow 7.0% in 2003. The outbreak of SARS did little damage to the economy, and consumer spending recovered quickly after the initial scare.

OVERVIEW OF THE TAIWAN ECONOMY

According to the Central Intelligence Agency, Taiwan has a dynamic economy with real GDP growing 3.5% to reach US\$406 billion and GDP per capita of US\$18,000 in 2002 and gradually decreasing guidance of investment and foreign trade by government authorities. In keeping with this trend, some large government-owned banks and industrial firms are being privatised. Exports have provided the primary impetus for industrialisation. While Taiwan is a major investor throughout Southeast Asia, the PRC has become the largest destination for investment and has overtaken U.S.A. to become Taiwan's largest export market. Because of its conservative financial approach and its entrepreneurial strengths, Taiwan suffered little compared with many of its neighbours from the Asian financial crisis in 1998. The global economic downturn, combined with problems in policy co-ordination by the administration and bad debts in the banking system, pushed Taiwan into recession in 2001, the first year of negative growth ever recorded. Unemployment also reached record levels. Output recovered moderately in 2002 in the face of continued global slowdown, fragile consumer confidence, and bad bank loans. Growing economic ties with the PRC are a dominant long-term factor. Exports to the PRC, mainly parts and equipment for the assembly of goods for export to developed countries, drove Taiwan's economic recovery in 2002.

OVERVIEW OF THE HONG KONG ECONOMY

The Hong Kong economy has shown a rapid recovery from the setbacks caused by the outbreak of SARS in 2003. According to the statistics of the Hong Kong Trade Development Council, real GDP grew by 3.3% in 2003 from the previous year and the officially forecasted growth is 6% for the following year. Although Hong Kong's economy is still experiencing deflation, the rate of deflation has decreased from 3% in 2002 to 2.6% in 2003. As a result of the global economic downturn, the Hong Kong government's fiscal position has experienced a decline since 1998. For the fiscal year 2003 to 2004, the fiscal deficit reached US\$6.3 billion. In order to improve the government's fiscal position, the government has implemented various plans to balance the budget by reducing government spending and raising taxes. However, despite the scheduled rise in various tax rates in the next few years, Hong Kong's tax rates remains one of the lowest in Asia. Recent revival of inbound tourism has boosted consumer spending. This is due to a policy change in the PRC to allow mainland residents in various cities to visit Hong Kong on an individual basis, as opposed to travelling to Hong Kong as part of tour groups. In recent months, asset prices and stock prices have also experienced a major turnaround compared to poor results a year earlier.

HISTORY AND REORGANISATION

The TOM Group is a leading Chinese language cross-media company with diversified interests. Since its inception, the Company has pursued its focused objective to be a leading provider of multimedia products (including content) and services related to content across multiple distribution platforms in Greater China. The Company was listed on GEM in March 2000 and, subsequent to its listing, has developed its content, services, and distribution platforms both organically and through acquisitions. From its original Internet platform, TOM Group has expanded to include five principal distribution platforms for its multimedia services and services related to content: (i) Internet, (ii) outdoor media, (iii) publishing, (iv) sports, and (v) television and entertainment.

The following is a summary of the history of development of the TOM Group.

BACKGROUND

In 1996, Metro (a company then owned as to 50% by the Cheung Kong Group and as to 50% by the Hutchison Group) launched its first website, metroradio.com.hk. The principal purpose of the site was to provide on-line details of Metro's radio programming. With this in mind, Metro then launched 104fmselect.com in July 1998 and certain radio-based websites.

In September 1999, Metro decided to expand its Internet infotainment business and commenced preparation for a new website, to be branded "mymet.com", to contribute on-line features, functionalities and community products as well as personalised Internet news and entertainment. It also started acquiring PRC-related content.

In order to provide a new and refreshing brand for the depth of content being accumulated, "tom" was created as the single brand under which to launch and promote the broader portal concept. At the same time, the Hutchison Group and the Cheung Kong Group reorganised their existing and planned Internet infotainment businesses into the Company, a new vehicle, then named TOM.COM LIMITED. This reorganisation included the acquisition by the Company in December 1999 of the websites and events production expertise of Metro, which were 50% owned by each of the Hutchison Group and the Cheung Kong Group, for a cash consideration of HK\$310 million. As a result, mymet.com was rebranded and launched as tomcast on 18 January 2000.

INCORPORATION AND LISTING ON GEM

The Company has been listed on GEM since 1 March 2000 (stock code: 8001). As at the close of business on 23 June 2004, based on the closing price of the Company's Shares on GEM of HK\$1.55 per Share, the Company had a market capitalisation of approximately HK\$6,029 million.

SPIN-OFF OF TOM ONLINE

In September 2003, the TOM Group established TOM Online as the holding company for TOM Group's core Internet business. Prior to the reorganisation for the spin-off of TOM Online, the Internet Group consisted of twenty-five entities, including nine entities conducting core Internet businesses, such as the provision of Internet services, wireless value-added services, online advertising and commercial enterprises solutions in the PRC, six entities that conducted certain non-core Internet business such as portal and advertising businesses in the PRC and ten entities engaging in either non-portal business within the PRC, online business outside the PRC or are passive investments of the TOM Group.

HISTORY AND REORGANISATION

In connection with the reorganisation for the spin-off, the Company transferred to TOM Online its interests in its nine core Internet business entities. Most of the operations of the six non-core Internet business entities were transferred to the nine core Internet business entities and such six entities are expected to be wound down except that the Company retained Beijing TOM and Shenzhen Freenet Advertising for offline advertising sales in the PRC to utilize their advertising licenses. The remaining ten business entities in the Internet Group were also retained by the TOM Group as they were engaged in different business areas and/or under different management.

The reorganisation was consummated pursuant to a series of agreements, all of which were duly executed on or by 26 September 2003. All other entities that were not transferred to TOM Online remained with the TOM Group, including the ten business entities excluded from TOM Online, and entities in its publishing, outdoor media, sports and television and entertainment segments.

In addition, in November 2003, TOM Online acquired from Cranwood its 100% interest in Puccini, which provides wireless IVR services through LTWJi. Wireless IVR services are a newly introduced category of wireless value-added services in the PRC that allows users to access prerecorded information from their mobile phones and to interact with other users through chat-room and dating communication services.

In connection with the reorganisation, the TOM Group also entered into various agreements with TOM Online, including a non-competition agreement.

TOM Online was listed on GEM and on the NASDAQ National Market in U.S.A. on 11 and 10 March 2004 respectively. As a result, the Company's shareholding in TOM Online has been diluted from 100% to approximately 71.86% as at the Latest Practicable Date.

DEVELOPMENTS OF THE BUSINESS SEGMENTS OF THE TOM GROUP SUBSEQUENT TO THE GEM LISTING

Subsequent to its listing on GEM in March 2000, the Company has pursued its objective of building its cross-media platform in Greater China through both organic growth and acquisitions. The Company has expanded to include five principal distribution platforms: Internet, outdoor media, publishing, sports and television and entertainment. The history of developments in the five business segments of the TOM Group after its GEM listing is summarised as follows:

Internet Group

In November 2000, through the acquisition of the entire issued share capital in Rich Wealth Holdings Limited, the TOM Group acquired 100% economic benefits in Shenzhen Freenet, being the owner and operator of 163.net. At the time of such acquisition, Shenzhen Freenet was the largest provider of free e-mail service in the PRC and, according to a survey by CNNIC in June 2000, was perceived as the sixth most influential website in the PRC.

HISTORY AND REORGANISATION

In December 2000, the TOM Group acquired Shawei.com through the acquisition of the entire issued share capital of Sharkwave Asia Pacific Limited. Shawei.com was launched in July 1999 as the first dedicated sports website in the PRC offering original content and content aggregated from domestic agencies and magazines.

In March 2001, the TOM Group, Great Wall Computer and Great Wall Technology set up GreaTom. Shenzhen Freenet subsequently acquired all the equity interest in GreaTom held by Great Wall Computer. As a result, the Company currently has approximately 50.30 per cent. equity interest and enjoys another 14.37 per cent. economic benefits in GreaTom. GreaTom is primarily engaged in providing technical and consultancy services to Shenzhen Freenet, and provides commercial enterprise solutions and wireless value added services in the PRC.

The TOM Online Group had entered into a series of contractual arrangements, which had been in place since June, 2001, which enabled the TOM Online Group to enjoy economic benefits in Beijing Lei Ting. Beijing Lei Ting is a domestic company which was established in Beijing, the PRC. The TOM Group, through the TOM Online Group, currently enjoys 71.86 per cent. economic benefits in Beijing Lei Ting. Beijing Lei Ting is primarily engaged in providing wireless value-added services and online advertising in the PRC.

In November 2003, the TOM Online Group entered into a series of contractual arrangements which enabled the TOM Online Group to enjoy economic benefits in LTWJi. LTWJi is a domestic company which was established in Beijing, the PRC. In October 2002, LTWJi was among the first service providers to enter into an agreement with China Mobile (Hong Kong) Limited (“China Mobile Hong Kong”) to provide IVR Services, and wireless interactive-voice response services through mobile telephone networks in the PRC. At that time, IVR Services were only available in nine provinces in the PRC, and nationwide services were launched in May 2003. IVR Services are a new category of wireless value-added services in the PRC that allows users to access pre-recorded information from their mobile telephone by dialling access telephone numbers, and to interact with each other in chat-rooms and through one-on-one dating communications services. Mobile telephone users access LTWJi’s IVR Services through China Mobile Hong Kong’s Monternet platform. LTWJi’s IVR Services include weather forecasts, stock prices, news on celebrities, jokes, short stories and songs as well as chat-rooms and dating communications services.

Outdoor Media Group

Since 2000, the TOM Group has entered into a series of contractual arrangements relating to 昆明國佳科技發展有限公司(Kunming Guojia Technology Development Company Limited) and Fench Management respectively through which the TOM Group indirectly enjoys 100 per cent. of the economic benefits in Fench Star. Fench Star was one of the largest outdoor media and advertising companies in the western part of the PRC. It owned 70 per cent. of the outdoor advertising space in Yunnan Province. It also operated a strong outdoor media network and provided a nationwide media agent service in over 19 major cities in the PRC which include Beijing, Shanghai, Guangzhou and Shenzhen, for the rental of billboards, neon signs, light boxes and electronic display units.

HISTORY AND REORGANISATION

In August 2001, the TOM Group signed an agreement to acquire 65 per cent. interest in Perfect Team Limited (“Perfect Team”) for approximately HK\$50.7 million. Perfect Team Limited is a leading outdoor media operator in Guangdong Province. In June 2004, the TOM Group acquired the remaining 35 per cent. interest in Perfect Team and as a result of which, Perfect Team has become a wholly-owned subsidiary of the Company.

In December 2002, Fench Star acquired 60 per cent. equity interest in Qilu JV, to which the then outdoor advertising business/assets of Qilu and Jinan Qilu have been transferred. At the time of such acquisition, Qilu was the largest outdoor media company in Shandong Province and Jinan Qilu was based in Jinan with a strong presence in the unipole sector. Its wide range of outdoor assets also include newsstand light boxes, lamp post light boxes, taxi stand light boxes and billboards.

In December 2002, Fench Star acquired 60 per cent. equity interest in New Star JV, to which the then outdoor advertising business/assets of New Star have been transferred. At the time of such acquisition, New Star was Dalian’s largest outdoor media company with core outdoor media assets of unipoles, giant billboards and light boxes.

In December 2002, Fench Star acquired 50 per cent. equity interest in Tianming JV, to which the then advertising business/assets of Tianming, including its prime assets are unipoles, double-deck bus advertising, billboards and archway signages have been transferred. At the time of such acquisition, Tianming operated the largest bus advertising fleet in Zhengzhou, Henan Province.

In December 2002, Fench Star acquired 70 per cent. equity interest in Chunyu JV to which the then advertising business/assets of Chunyu have been transferred. At the time of such acquisition, Chunyu was the largest outdoor media company in Qingdao, Shandong Province, and its outdoor media assets included unipoles and billboards along the Qi-qing highway and the airport road in Qingdao. Chunyu also undertook advertising agency business and event organising business.

In December 2002, Fench Star acquired 60 per cent. equity interest in Sano JV, to which the then outdoor advertising business of Sano have been transferred. At the time of such acquisition, Sano was one of the largest outdoor media companies in Shenyang, Liaoning Province. The then self-owned asset portfolio of Sano included bus shelter lightboxes, huge billboards on exteriors of buildings in Shenyang’s commercial districts and unipoles along the airport highway in Shenyang.

In December 2002, Fench Star acquired 60 per cent. equity interest in Bomei JV, to which the then outdoor advertising business/assets of Bomei have been transferred. At the time of such acquisition, Bomei was one of the largest outdoor advertising companies in Xiamen, Fujian Province and owned outdoor media assets ranging from giant billboards and unipoles to lightboxes.

In January 2003, Fench Star acquired 70 per cent. equity interest in Seeout JV, to which the then outdoor advertising business/assets of Seeout have been transferred. Based in Fuzhou, Fujian Province, at the time of such acquisition, Seeout was one of the largest outdoor media companies in the Fujian Province. Seeout’s portfolio of self-owned assets included unipoles and billboards along the Fuzhou-Xiamen-Zhangzhou highway, small unipoles, billboards and lightboxes in Fuzhou and the surrounding areas. Seeout’s also owned exclusive advertising rights of 14 bus shelters among Fuzhou’s busiest streets.

HISTORY AND REORGANISATION

In January 2003, Fench Star acquired 70 per cent. equity interest in Southwest JV, to which the then outdoor advertising business/assets of Southwest International and Boguang have been transferred. At the time of such acquisition, Southwest International was one of the largest outdoor advertising companies in Chengdu, Sichuan Province. Southwest International owned key outdoor advertising assets along the 360-kilometre Chengdu-Chongqing highway. These highway assets include 30 unipoles and over 90 outdoor billboards at flyovers, toll booths and tunnels. In addition, Southwest International was also an advertising agent for outdoor advertising media including billboards along Sichuan's major highways.

Publishing Group

In March 2001, the TOM Group entered the print media industry by acquiring 50 per cent. interest in Yazhou Zhoukan Limited, one of Asia's leading publishers of Chinese-language regional news magazines.

In July 2001, the TOM Group entered into a joint venture agreement with a unit of China National Publications Import & Export Corporation, or CNPIEC in relation to the formation of a joint venture whereby the TOM Group will be interested in 70 per cent. of the equity interest in the joint venture. CNPIEC is one of the PRC's official importers and exporters of publications. The joint venture enabled the Company to introduce overseas print media to the PRC market in the form of localised co-published editions or imported versions on a selected basis.

During 2001 and 2002, the TOM Group broadened its publishing businesses through entering the Taiwan's print media market by acquiring interests in four of Taiwan's largest publishing groups – PC Home, Cité, Sharp Point and Business Weekly which allowed the TOM Group to inherit an operating knowledge base of Chinese language print media. In July 2003, as part of the TOM Group's integration strategy in Taiwan, it has restructured its holdings in Cite, PC Home, Sharp Point, Business Weekly and Nong Nong Magazine Company Limited ("Nong Nong") so that they are all subsidiaries of Cité Publishing Holding and are part of a common publishing platform to realise economies of scale and reduce production and distribution costs, which further enhanced the competitive edge of the TOM Group's Taiwan publishing business and business synergies across the TOM Group. As at the Latest Practicable Date, the TOM Group has an effective interest of approximately 83.2 per cent. in each of PC Home, Cité, Sharp Point and Business Weekly.

In November 2002, the TOM Group further expanded its Hong Kong operations by acquiring interests in a local business magazine, Cup, a wholly-owned subsidiary of the Company.

On 4 November 2003, the TOM Group entered into a conditional joint venture agreement with Sanlian under which they will jointly establish a joint venture enterprise known as 北京三聯世紀文化傳播有限公司 (Beijing Sanlian Shiji Wenhua Chuanbo Company Limited) in the PRC which will be engaged in the print media business. Sanlian is currently a state-owned publisher ministered by the Bureau of News and Publishing. The publications of Sanlian have mainly focused on titles related to social science. The joint venture will be owned 49 per cent. by the TOM Group and 51 per cent. by Sanlian. Upon the establishment of the joint venture, the Company will engage in full-scale publishing operations in the PRC.

HISTORY AND REORGANISATION

Sports Group

The Sports Group was established in 2000, beginning with the acquisition on 31 October 2000 of a 70 per cent. issued share capital in YC Press Advertising, and through a series of contractual arrangements, which enabled the TOM Group to enjoy 70 per cent. economic benefits in each of 廣東羊城報業廣告有限公司 (Guangdong Yangcheng Press Advertising Company Limited) (“GYCPA”) and Yang Cheng Sports. In January 2001 and May 2002, the TOM Group acquired interests in YCP Advertising and established Yang Cheng Advertising respectively to replace the businesses undertaken by YC Press Advertising and GYCPA respectively. The businesses of the Sports Group are now undertaken by YCP Advertising, Yang Cheng Advertising and Yang Cheng Sports. The business of the companies included sports event organising and media and advertising agency work concentrating on domestic, inter-collegiate and high school sports events. In December 2003, the Sports Group entered into further contractual arrangements, which enabled the Sports Group to acquire further interests or enjoy further economic benefits in Yang Cheng Advertising and Yang Cheng Sports. The TOM Group currently enjoys 80 per cent. economic benefits in each of Yang Cheng Advertising and Yang Cheng Sports. In February 2004, the TOM Group acquired further interests in YC Press Advertising and YCP Advertising and the TOM Group currently owns 80 per cent. of the issued share capital in each of YC Press Advertising and YCP Advertising.

In September 2002, the Company added an international sporting right to its portfolio by acquiring 60 per cent. equity interest in Tennis Management, a leading sports marketer primarily engaged in the business of managing sponsorship and marketing of sports events, creating or buying and licensing of rights to sports events and sports advertising with perpetual rights to one of Asia’s three ATP tennis tournaments.

In 2003, the Sports Group has also expanded its business by obtaining new commercial rights including exclusive representation of the PRC’s national sports teams.

Television and Entertainment Group

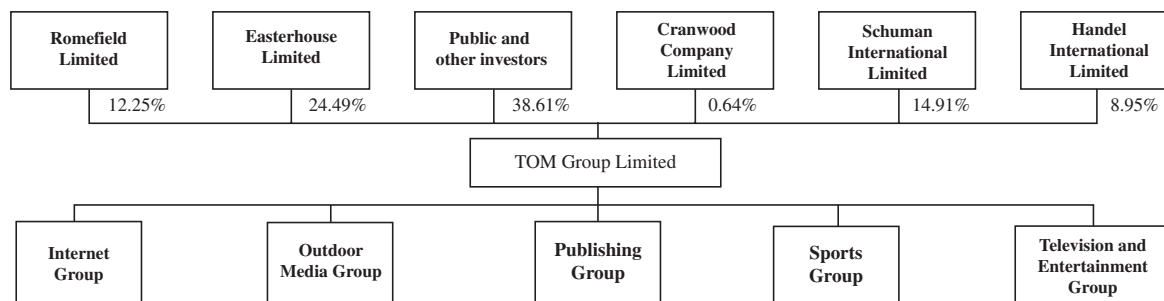
In March 2002, the TOM Group entered into an agreement for the acquisition of interest in a sino-foreign joint venture enterprise to be established in the PRC, being Hong Xiang which was to acquire the then business/assets of Hong Xiang Productions in relation to the making of (including manufacturing through outsourcing), sale and distribution of audio and video products. The acquisition was completed in April 2004.

In September 2003, the TOM Group acquired approximately 64.07 per cent. of the issued share capital of CETV. CETV is a 24-hour, Putonghua satellite television channel dedicated to delivering general entertainment content to Chinese audience. The CETV channel can be viewed by viewers on the cable systems of Guangdong province, as well as nationwide throughout the PRC via the central platform. CETV is principally engaged in the operations of a satellite television channel and provision of content and television programmes to various platforms including satellite television and syndication networks. CETV is licensed by the Broadcasting Authority in Hong Kong to broadcast television programmes from Hong Kong to audience outside of Hong Kong. In October 2001, CETV became the first foreign television channel to be granted special approval for cable carriage in the Guangdong Province, the PRC, through a reciprocal carriage agreement with CCTV. By the end of 2003, CETV had a reach of more than 23 million TV households in the PRC. CETV can be received and viewed by 80 million households across Asia via the AsiaSat 3S satellite.

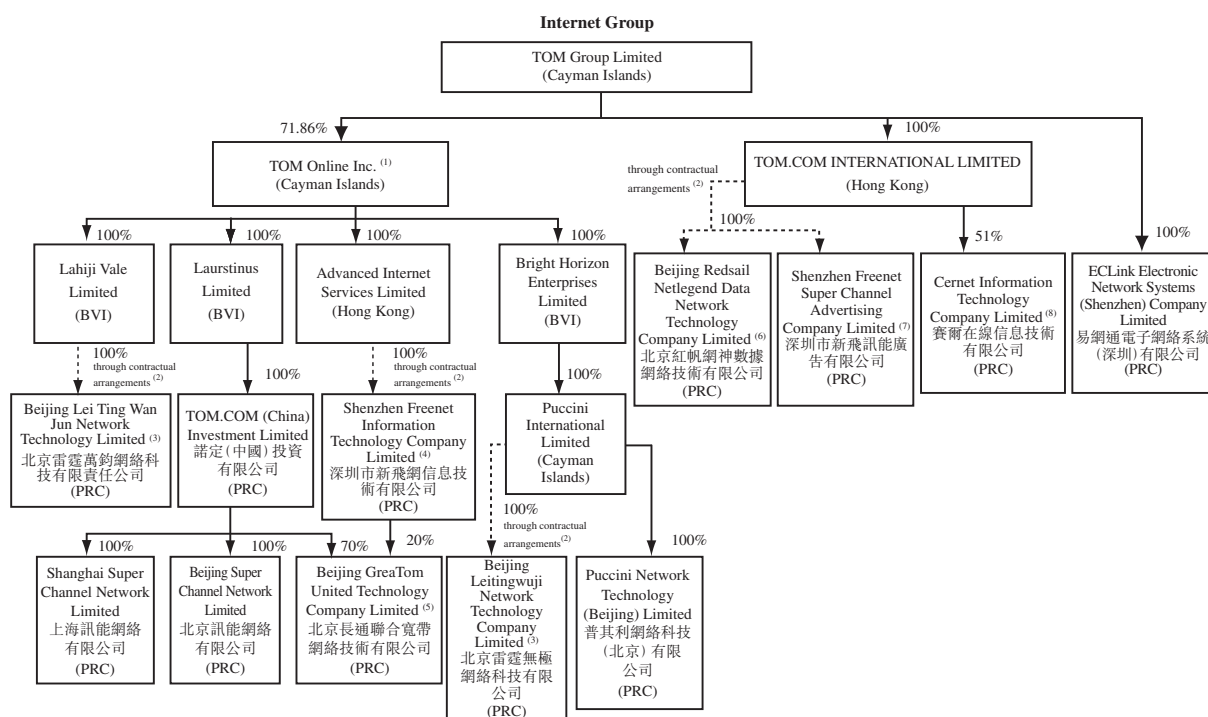
BUSINESS

SIMPLIFIED CORPORATE STRUCTURE

The following charts set out the simplified corporate structure (comprising principal subsidiaries) and five main business segments of the TOM Group immediately after the commencement of listing of the Shares on the Main Board, assuming no changes in shareholding after the Latest Practicable Date (all percentages shown are approximate figures):

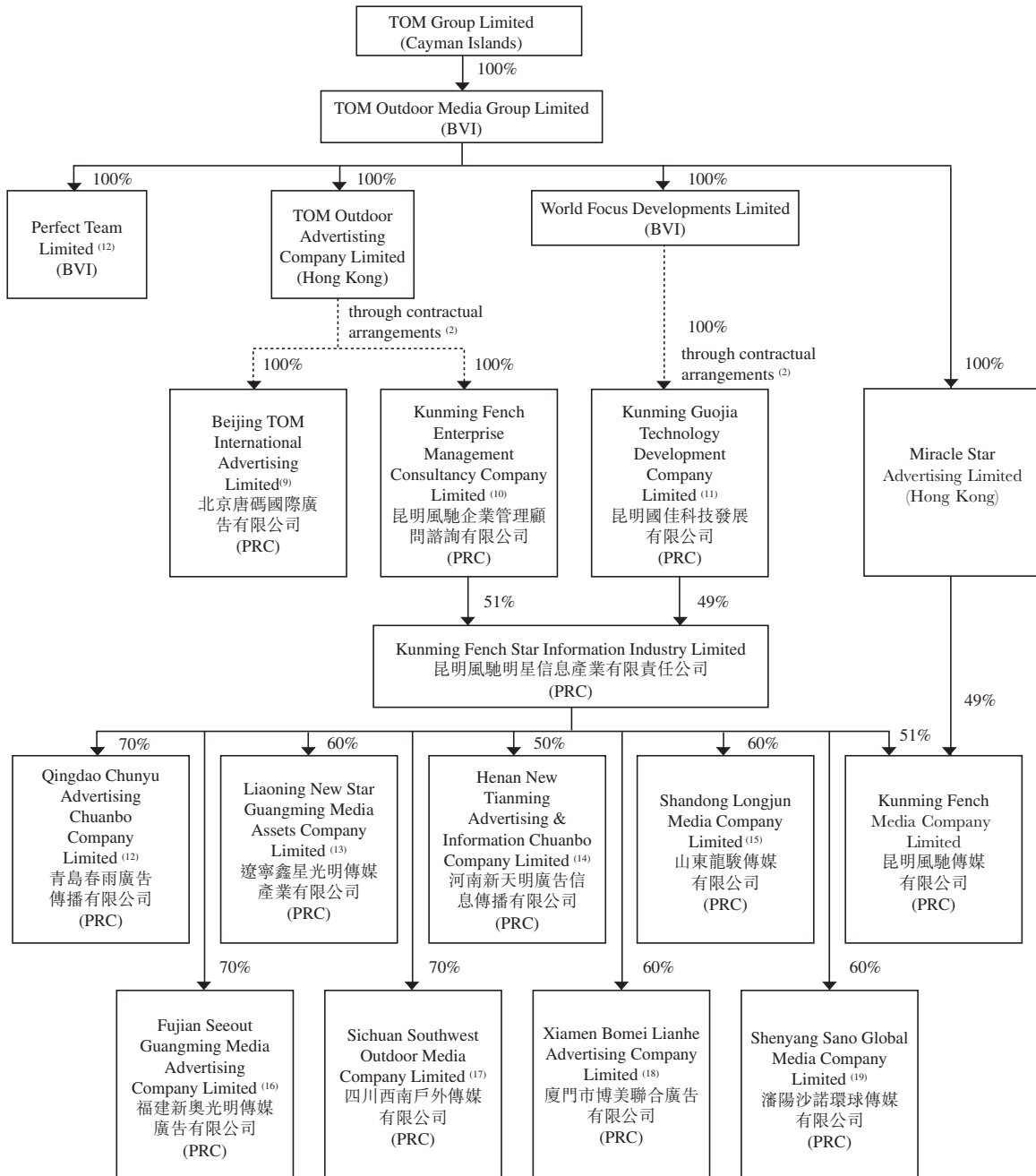


Internet Group



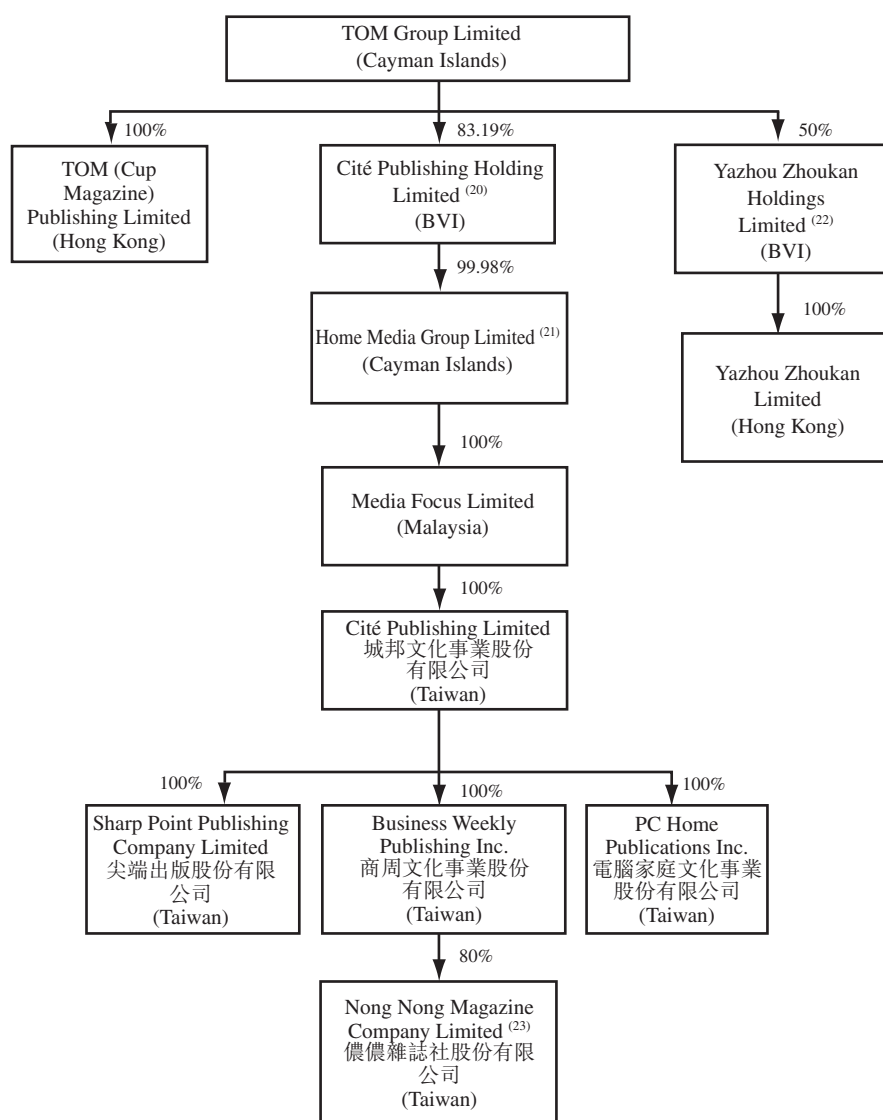
BUSINESS

Outdoor Media Group



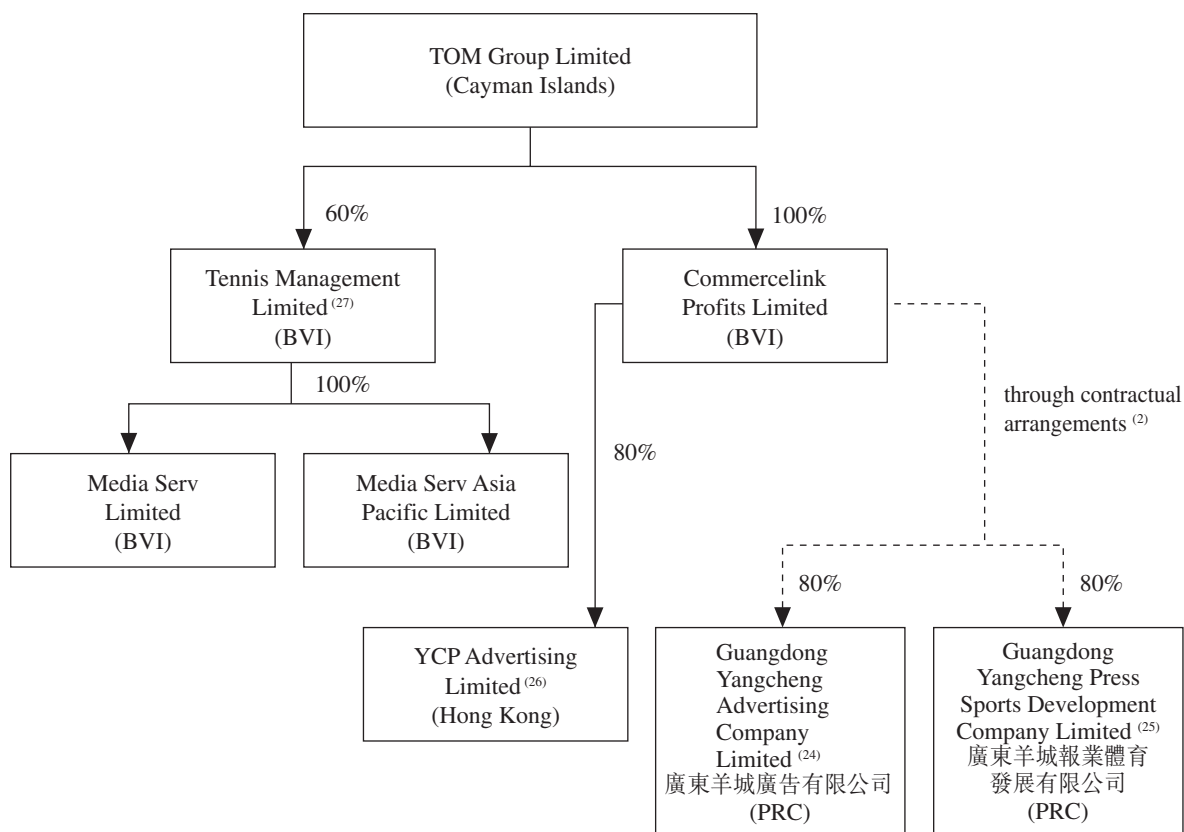
BUSINESS

Publishing Group

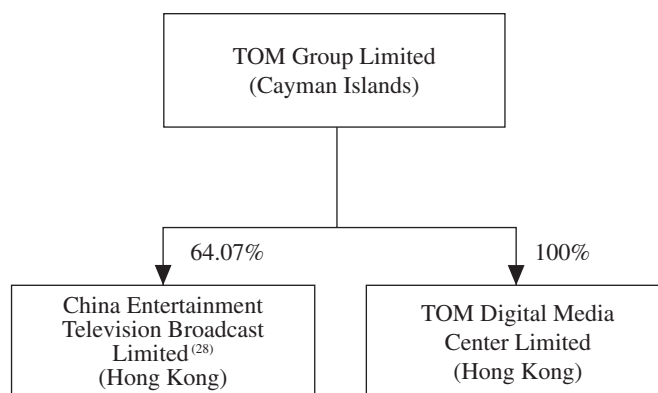


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Sports Group



Television and Entertainment Group



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Notes:

- (1) TOM Online is listed on GEM and on the National Market of National Automated Systems Dealership and Quotation in U.S.A. on 11 and 10 March 2004 respectively. As at the Latest Practicable Date, the Company and Cranwood and its associates held approximately 71.86% and approximately 2.71% respectively of the issued share capital of TOM Online and approximately 24.93% was held by public investors.
- (2) The TOM Group does not have any direct equity interest in 北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited), 深圳市新飛網信息技術有限公司 (Shenzhen Freenet Information Technology Company Limited), 北京雷霆無極網絡科技有限責任公司 (Beijing Leitingwuji Network Technology Company Limited), 北京紅帆網神數據網絡技術有限公司 (Beijing Redsail Netlegend Data Network Technology Company Limited), 深圳市新飛訊能廣告有限公司 (Shenzhen Freenet Super Channel Advertising Company Limited), 北京唐碼國際廣告有限公司 (Beijing TOM International Advertising Limited), 昆明風馳企業管理顧問諮詢有限公司 (Kunming Fench Enterprise Management Consultancy Company Limited), 昆明國佳科技發展有限公司 (Kunming Guojia Technology Development Company Limited), 廣東羊城報業體育發展有限公司 (Guangdong Yangcheng Press Sports Development Company Limited) and 廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited). Through certain of the subsidiaries of the Company, the TOM Group has entered into a series of contractual arrangements with these entities and their respective shareholders to enable the TOM Group to enjoy the economic benefits of these entities.
- (3) Mr. Wang, a non-executive Director and the chief executive officer and an executive director of TOM Online, is the registered holder of 20% and 80% of the equity interest in 北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited) and 北京雷霆無極網絡科技有限責任公司 (Beijing Leitingwuji Network Technology Company Limited), respectively. He is also the chairman of the board of directors of 北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited). Ms. Wang* owns 80% and 20% of the equity interest in 北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited) and 北京雷霆無極網絡科技有限責任公司 (Beijing Leitingwuji Network Technology Company Limited), respectively.
- (4) Ms. Wang* and Mr. Sheng# own 70% and 30% of the equity interest in 深圳市新飛網信息技術有限公司 (Shenzhen Freenet Information Technology Company Limited), respectively.
- (5) The remaining 10% equity interest in GreaTom is held by 長城科技股份有限公司 (Great Wall Technology Company Limited), a PRC company whose shares are listed on the Main Board.
- (6) Ms. Wang*, Mr. Sheng# and Mr. Wang Ting Ting (王霆霆)* own 40%, 40% and 20% of the equity interest in 北京紅帆網神數據網絡技術有限公司 (Beijing Redsail Netlegend Data Network Technology Company Limited), respectively.
- (7) Ms. Wang*, Mr. Sheng# and Mr. Wang Ting Ting* own 40%, 40% and 20% of the equity interest in 深圳市新飛訊能廣告有限公司 (Shenzhen Freenet Super Channel Advertising Company Limited), respectively.
- (8) The remaining 49% equity interest in 賽爾在線信息技術有限公司 (Cernet Information Technology Company Limited) is owned by 賽爾網絡有限公司 (Cernet Network Company Limited), a domestic company established in the PRC and by virtue of its 49% equity interest in 賽爾在線信息技術有限公司 (Cernet Information Technology Company Limited), a connected person of the Company under the Listing Rules.
- (9) Ms. Wang*, Mr. Sheng# and Mr. Wang Ting Ting* own 40%, 40% and 20% of the equity interest in 北京唐碼國際廣告有限公司 (Beijing TOM International Advertising Limited), respectively.
- (10) Ms. Wang*, Mr. Li Jian^② and Mr. Sheng# own 20%, 25% and 55% of the equity interest in 昆明風馳企業管理顧問諮詢有限公司 (Kunming Fench Enterprise Management Consultancy Company Limited), respectively.
- (11) Mr. Li Jian^② and Mr. Yang Zhen Kun* own 75% and 25% of the equity interest in 昆明國佳科技發展有限公司 (Kunming Guojia Technology Development Company Limited) respectively.
- (12) The remaining 30% equity interest in 青島春雨廣告傳播有限公司 (Qingdao Chunyu Advertising Chuanbo Company Limited) is held by 青島春雨廣告裝飾工程有限公司 (Qingdao Chunyu Advertising and Décor Construction Company Limited), a domestic company established in the PRC and by virtue of its 30% equity interest in 青島春雨廣告傳播有限公司 (Qingdao Chunyu Advertising Chuanbo Company Limited), a connected person of the Company under the Listing Rules.

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- (13) The remaining 40% equity interest in 遼寧鑫星光明傳媒產業有限公司 (Liaoning New Star Guangming Media Assets Company Limited) is held by 遼寧鑫星盛世廣告有限公司 (Liaoning New Star Prosperity Advertising Company Limited), a domestic company established in the PRC and by virtue of its 40% equity interest in 遼寧鑫星光明傳媒產業有限公司 (Liaoning New Star Guangming Media Assets Company Limited), a connected person of the Company under the Listing Rules.
- (14) The remaining 50% equity interest in 河南新天明廣告信息傳播有限公司 (Henan New Tianming Advertising & Information Chuanbo Company Limited) is held by 北京天明國際投資管理有限公司 (Beijing Tianming International Investment Management Company Limited), a domestic company established in the PRC and by virtue of its 50% equity interest in 河南新天明廣告信息傳播有限公司 (Henan New Tianming Advertising & Information Chuanbo Company Limited), a connected person of the Company under the Listing Rules.
- (15) 山東龍駿傳媒有限公司 (Shandong Longjun Media Company Limited) adopted its present name on 16 March 2004. Previously, it was known as 山東齊魯國際戶外傳媒有限公司 (Shandong Qilu International Outdoor Media Company Limited). The remaining 40% equity interest in 山東龍駿傳媒有限公司 (Shandong Longjun Media Company Limited) is owned by 濟南齊魯廣告有限公司 (Jinan Qilu Advertising Company Limited), a domestic company established in the PRC and by virtue of its 40% equity interest in 山東龍駿傳媒有限公司 (Shandong Longjun Media Company Limited), a connected person of the Company under the Listing Rules.
- (16) The remaining 30% equity interest in 福建新奧光明傳媒廣告有限公司 (Fujian Seeout Guangming Media Advertising Company Limited) is owned by 福建省新奧戶外廣告有限公司 (Fujian Seeout Outdoor Advertising Company Limited), a domestic company established in the PRC and by virtue of its 30% equity interest in 福建新奧光明傳媒廣告有限公司 (Fujian Seeout Guangming Media Advertising Company Limited), a connected person of the Company under the Listing Rules.
- (17) The remaining 30% equity interest in 四川西南戶外傳媒有限公司 (Sichuan Southwest Outdoor Media Company Limited) is owned by 四川西南國際廣告有限公司 (Sichuan Southwest International Advertising Company Limited), a domestic limited company established in the PRC and by virtue of its 30% equity interest in 四川西南戶外傳媒有限公司 (Sichuan Southwest Outdoor Media Company Limited), a connected person of the Company under the Listing Rules.
- (18) The remaining 40% equity interest in 廈門市博美聯合廣告有限公司 (Xiamen Bomei Lianhe Advertising Company Limited) is owned by 廈門市博美廣告有限公司 (Xiamen Bomei Advertising Company Limited), a domestic company established in the PRC and by virtue of its 40% equity interest in 廈門市博美聯合廣告有限公司 (Xiamen Bomei Lianhe Advertising Company Limited), a connected person of the Company under the Listing Rules.
- (19) The remaining 40% equity interest in 瀋陽沙諾環球傳媒有限公司 (Shenyang Sano Global Media Company Limited) is owned by Mr. Wang Cheng Cheng. Mr. Wang Cheng Cheng currently is, but will resign as a director of 瀋陽沙諾環球傳媒有限公司 (Shenyang Sano Global Media Company Limited) and by virtue of his 40% equity interest in 瀋陽沙諾環球傳媒有限公司 (Shenyang Sano Global Media Company Limited), a connected person of the Company under the Listing Rules until 12 months after the date of his resignation.
- (20) The remaining 16.81% shareholding in Cité Publishing Holding Limited is held by a group of individual shareholders.
- (21) The remaining 0.02% shareholding in Home Media Group Limited is held by three shareholders of Home Media Group Limited who are independent from and not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries.
- (22) The remaining 50% shareholding in Yazhou Zhoukan Holdings Limited is held by Skyland International Investment Limited, a company incorporated in the BVI and a wholly-owned subsidiary of Ming Pao Enterprise Corporation Limited which in turn is a company incorporated in Bermuda and the shares of which are listed on the Main Board.

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- (23) The remaining 20% shareholding in Nong Nong Magazine Company Limited is held by Ms. Wu Li Ping (吳麗萍) and Barbizon Interculture Publication Company Limited as to 2.76% and 17.24% respectively which are independent from and not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries.
- (24) Ms. Wang*, Mr. Sheng# and 羊城晚報經濟發展總公司 (Yangcheng Evening News Economic Development Corporation) (“YC Head Office”) own 40%, 40% and 20% of the equity interest in 廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited), respectively.
- (25) Ms. Wang*, Mr. Sheng# and YC Head Office own 70%, 10% and 20% of the equity interest in 廣東羊城報業體育發展有限公司 (Guangdong Yangcheng Press Sports Development Company Limited), respectively.
- (26) The remaining 20% shareholding in YCP Advertising Limited is held by Yangcheng Enterprise Limited, a company incorporated in Hong Kong. Yangcheng Enterprise Limited is a subsidiary of YC Head Office.
- (27) The remaining 40% shareholding in Tennis Management Limited is held by Spectrum International Holding Limited, a company incorporated in the BVI and wholly-owned by Mr. Lincoln Serejo Venancio, the chief executive officer of Tennis Management Limited.
- (28) The remaining 35.93% shareholding in China Entertainment Television Broadcast Limited is held by Turner Broadcasting System Asia Pacific, Inc., a company incorporated in the State of Georgia, U.S.A. and a wholly-owned subsidiary of Turner Broadcasting System, Inc.. Turner Broadcasting System, Inc. is a company incorporated in the State of Georgia, U.S.A. and a wholly-owned subsidiary of AOL Time Warner, which in turn is a company incorporated in the State of Delaware, U.S.A., whose shares are listed on the New York Stock Exchange in U.S.A..
- * Ms. Wang is independent of the TOM Group being neither an employee of the TOM Group nor related to senior management of the TOM Group. Ms. Wang is unrelated to Mr. Wang.
- # Mr. Sheng is an employee of the TOM Online Group.
- ※ Mr. Wang Ting Ting is a cousin of Mr. Wang. However, Mr. Wang Ting Ting is not related to Ms. Wang. Mr. Wang Ting Ting is not an employee of the TOM Group nor related to the senior management of the TOM Group.
- ⊕ Mr. Li Jian is a director of 昆明風馳傳媒有限公司 (Kunming Fench Media Company Limited) and 昆明風馳明星信息產業有限公司 (Kunming Fench Star Information Industry Limited) and an employee of the TOM Group.
- ⊙ Mr. Yang Zhen Kun is a director of 昆明風馳傳媒有限公司 (Kunming Fench Media Company Limited) and 昆明風馳明星信息產業有限公司 (Kunming Fench Star Information Industry Limited) and an employee of the TOM Group.

The details of the principal subsidiaries, jointly controlled entities, associated companies and investment securities of the Company are set out in section headed “Accountants’ Report on TOM Group” in Appendix I to this document.

The TOM Group also comprises other entities including those which perform certain centralised functions for the TOM Group, such as TOM Enterprises and TOM Holdings.

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OVERVIEW OF THE BUSINESS OF THE TOM GROUP

The business of the TOM Group is organised into five main business segments:

- Internet Group – principally provides wireless value-added services, online advertising, commercial enterprise solutions and Internet portal services;
- Outdoor Media Group – primarily conducts advertising sales of outdoor media assets, including billboard and unipoles, and provision of outdoor media services;
- Publishing Group – primarily engaged in magazine and book circulation, sales of publication advertising and other related products;
- Sports Group – principally engaged in sponsorship rights and sports marketing consultancy, event management and television programming in relation to sports events and programmes and creating and buying and licensing rights to sports events; and
- Television and Entertainment Group – primarily engaged in air-time advertising sales, satellite television channel operations.

The TOM Group's five main business segments operate in three main geographical areas:

The PRC	–	Internet Group, Outdoor Media Group, Publishing Group, Sports Group and Television and Entertainment Group
Taiwan	–	Publishing Group
Hong Kong	–	Internet Group, Publishing Group, Sports Group and Television and Entertainment Group

In line with TOM Group's geographical focus, revenue generated in the PRC represented approximately 58 per cent. of the total revenue of the TOM Group for the year ended 31 December 2003, while operations in Taiwan and Hong Kong contributed approximately 34 per cent. and approximately 8 per cent. respectively. The TOM Group expects that the percentage contribution of the PRC to its revenues will continue to grow in the future.

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The following table sets forth turnovers attributable to the TOM Group's five business segments for the Relevant Periods:

	For the year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Internet Group	143,890	255,800	592,443
Outdoor Media Group	117,477	247,895	297,966
Publishing Group	168,286	741,258	771,441
Sports Group	196,971	316,547	251,535
Television and Entertainment Group	–	62,626	175,849
	626,624	1,624,126	2,089,234
	626,624	1,624,126	2,089,234

COMPETITIVE STRENGTHS

The Directors believe that the primary competitive strengths of the TOM Group are as follows:

- **A leading cross-media company in Greater China with strong market position and brand name**

The TOM Group is one of Greater China's leading Chinese language media companies, with exposure to multiple markets in the PRC, Hong Kong and Taiwan. It has a diversified business mix, engaging principally in the Internet, outdoor media, publishing, sports, television and entertainment industries, which allows it to leverage its media platform across its different business segments. By focusing on building its brand, it has successfully developed a strong brand identity, which is critical to expanding its user base and client base.

- **Established a strong position in its primary business segments, well positioned to capture growth**

In building its focused cross-media platform, TOM Group has established a strong position in each of its primary business segments, which positions the TOM Group well to capture further growth in the media industry in Greater China.

Internet Group	• The TOM Group's portal is recognised as one of the leading Internet portal websites in the PRC in terms of average daily website page views and one of the leading wireless value-added service providers in Greater China in terms of revenues.
Outdoor Media Group	• Remains focused on building the largest billboard and unipole network in the PRC and has already achieved nationwide coverage in 30 cities, and has over 5,000 outdoor advertising panels.

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Publishing Group	• In 2003, the Publishing Group generated several award winning magazine and book titles, launched eight new magazines, published 1,697 new book titles, 12 of which were ranked among Kingstone's top five best sellers, and has made significant strides in the cross fertilization of content across Taiwan, PRC, and Hong Kong, licensing an additional 130 books in the PRC.
Sports Group	• The Sports Group has positioned itself to capture growth in the growing Asian sports marketing industry, particularly in the PRC. The Sports Group has marketed and promoted major tennis events in Asia including the Thailand Open, which featured over 70 world class players, and Paradorn Super Tour, which attracted 18 sponsors and over 24,000 spectators, as well as the first China Open to be held in 2004. Further the Sports Group has obtained commercial rights to represent the China National Table Tennis Team, the China National Women Volleyball team, as well as the Philips Inter-collegiate Football League and National Bowling Championships.
Television and Entertainment Group	• The first foreign broadcaster granted cable carriage rights and having controlled nationwide access in the PRC: the Television and Entertainment Group's reach extends to over 23 million households in the PRC.

- **Proven ability to successfully identify, execute and integrate acquisitions**

The TOM Group is well positioned as a consolidator in fragmented markets and has proven its ability to successfully identify, execute and integrate acquisitions in its cross-media platform. As of December 2003, the Company has acquired over 30 entities and has demonstrated strong financial and operating discipline in their consolidation. The TOM Group is constantly pursuing potential acquisitions and investments and is, at any given time, in discussions and negotiations with a number of potential targets and looking at a number of investment opportunities.

- **Experienced management team and its proven track record**

The TOM Group's employees consist of the personnel among the most experienced and creative talents in their local markets, led by senior executives committed to international service standards. The management team has proven its execution ability in building a large and successful cross media-company in the PRC and achieving a positive EBITDA for the year ended 31 December 2002 and a positive net profit for the year ended 31 December 2003. The management has also demonstrated its ability to pursue organic growth and identify opportunities and synergies in the different business segments of the TOM Group, creating innovative and popular products to serve users' needs and preferences.

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- **Strong shareholder support**

Two of the largest ultimate beneficial shareholders of the Company are HWL and CKH, which are constituent companies of the Hang Seng Index, a widely recognised market-weighted index in Hong Kong. The TOM Group is able to leverage its shareholders' expertise and experience in acquisition strategy, integration execution as well as financial systems. The management team of the Company also benefits from the experience of its shareholders with respect to strategic planning, operational efficiency and creation of shareholder value.

BUSINESS DEVELOPMENT STRATEGIES OF THE TOM GROUP

Since its listing, the TOM Group has evolved, both organically and through acquisitions, to become one of Greater China's leading Chinese language media companies. The TOM Group's overall business strategy is to build a diversified media enterprise in Greater China spanning across multiple distribution platforms including Internet, outdoor media, publishing, sports and television and entertainment. It strives to be the leader in each of the business segments in which it operates. This is premised upon its ability to distribute multimedia products and services across multiple distribution platforms as widely as possible through as many channels and media as possible. This wide distribution network enables the TOM Group to utilise the full value of its investments in the creation and acquisition of multimedia content and services which in turn generate higher returns on such investments. The TOM Group's media diversification strategy can be broken down into three distinct elements: acquisition, integration and organic growth.

- **Continue to build its cross-media platform through value-enhancing acquisitions**

The TOM Group is focused on continuously building a portfolio of media assets in Greater China and offering consumers and advertisers a wealth of content across multiple media platforms. Towards achieving this goal, the TOM Group is committed to pursuing a wide range of acquisition transactions, from direct acquisitions to investments ranging from minority equity holdings in strategic partners who have synergistic value to majority equity participation in small start-up companies.

As of December 2003, the TOM Group has acquired and invested in over 30 companies (which are accounted for as subsidiaries, associated companies, jointly controlled entities and investments of the Company) and joint ventures since it embarked on its focused media diversification strategy in 2000. The TOM Group's revenues increased by over 22 times to HK\$2,089 million in 2003 from HK\$89 million in 2000.

The TOM Group is constantly pursuing potential acquisitions and investments and is, at any given time, in discussions and negotiations with a number of potential targets and looking at a number of investment opportunities. There can be no certainty as to the outcome of such discussions and negotiations but it is possible that they may give rise to the announcement and/or completion of acquisitions or investments prior to the commencement of dealings in the Shares on the Main Board.

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- **Continue to focus on effectively integrating and streamlining acquired assets to capitalise upon potential synergies and improve operating efficiency**

The TOM Group has successfully managed its acquisition-based growth by developing integration as a core competency. Its integration process begins with enforcement of financial discipline. The TOM Group believes that financial discipline and sophisticated methods of financial management are a cost effective means of creating value in many of the businesses that it has acquired, particularly in the PRC. In parallel with financial discipline, the TOM Group develops common growth strategies, including process optimisation strategies such as maximising bargaining power across multiple products or business lines. Other stages of integration align key functions and corporate identity and drive synergies within the TOM Group.

- **Strengthen the TOM Group's operating platform and increase the TOM Group's scale through organic growth**

To promote organic growth, the TOM Group has a team focusing on penetrating key accounts and identifying cross-selling opportunities and synergies within the TOM Group's different distribution platforms to allow the sharing of content and promotion of services across multiple platforms. The cross-selling effort can be initiated from accounts at both the business unit and the corporate levels. As part of the TOM Group's organic growth strategy, it expends significant time and management attention both before and after each acquisition on integration issues and development of the acquired entities, including negotiating terms of initial restructuring, training, providing know-how and business support and creating new incentive structures for management and staff.

THE BUSINESS SEGMENTS OF THE TOM GROUP

As set out in the paragraph headed "Overview of the business of the TOM Group" above, the TOM Group's five main business segments operate in three main geographical areas: the PRC, Taiwan and Hong Kong.

The activities of each of these business segments are set out below.

Internet Group

The TOM Group's Internet businesses comprise its majority shareholding in TOM Online as well as its other non-core Internet businesses.

TOM Online

The TOM Group listed its then wholly-owned subsidiary, TOM Online, on GEM and on the NASDAQ National Market in the US on 11 and 10 March 2004 respectively. As a result, the Company's shareholding in TOM Online has been diluted to approximately 71.86 per cent.

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TOM Online is one of the leading Internet companies in the PRC providing value-added multimedia products and services with approximately 27 million cumulative registered users as at 31 December 2003 and generating approximately 148 million daily website page views and approximately 7 million daily wireless data message during the fourth quarter of 2003. TOM Online was a leading player in the PRC in terms of revenue versus its key competitors who include SINA Corporation, SOHU.COM Inc. and NetEase.com, Inc., the largest public internet portals in the PRC in terms of revenue and page views and Linktone Ltd., a public wireless value-added services company in the PRC. The Company ranked second as compared to these peers in terms of revenue in first quarter of 2004 and ranked third in terms of revenue for the year ended 31 December 2003.

TOM Online delivers its products and services from its Internet portal to its users through their mobile phones and through its websites. TOM Online's primary business activities include the provision of wireless value-added services, online advertising and commercial enterprise solutions.

TOM Online both aggregates content from other providers and produces its own content. TOM Online's content is edited, redesigned and repackaged through its content management system for its different products and services. Its experienced team of editors and producers focuses on selecting information from its content sources that will attract the younger generation of consumers. TOM Online obtains content for its various channels from third party suppliers, the public domain, freelance writers and in-house writers, which enable TOM Online to provide a wide range of content offerings that target young and trendy users. Moreover, TOM Online has exclusive rights over the content produced by its freelance writers and in-house writers. TOM Online contracts with its content providers to use their content for a fixed licensing fee or a share of revenue or in exchange for access to TOM Online's content. These arrangements are typically short-term and not exclusive, except for the content specifically produced for TOM Online by its freelance writers and its in-house writers.

(A) *Wireless value-added services*

TOM Online's wireless value-added services include both wireless data services and wireless IVR services.

(i) *Wireless data services*

TOM Online began providing wireless data services in the second half of 2001. TOM Online's wireless data services include SMS, MMS and WAP services. Through these services, TOM Online provides download, information and community-oriented products, such as news headlines, sports news, music, games, ring tones, ring back tones, dating and wallpapers. As at 31 December 2003, TOM Online has approximately 27 million cumulative registered users and transmits an average of approximately 7 million wireless data messages daily. Users pay for TOM Online's wireless data services on either a monthly subscription or a per message basis. TOM Online has captured industry leading positions in each of its wireless data services.

Based upon available data, TOM Online ranked number three in SMS and number two in MMS, in terms of revenue, for December 2003 and number two in WAP, in terms of revenue, for January 2004 on China Mobile's platform.

Products and Services

TOM Online's wireless data services products include download, information and community-oriented products. Users can download from TOM Online's Internet portal onto their mobile phones or to send to other mobile phone users, TOM Online's download products, including ring tones, wallpaper to serve as background for their mobile phone display, pictures, logos, games and screen savers. Users can also download from TOM Online's Internet portal onto their mobile phones, TOM Online's information content, including news headlines and articles, sports updates, entertainment information, jokes and horoscopes. Users may choose to download such products on a per message basis or subscribe to receive new downloads on a regular basis. Users can engage in community-oriented activities such as chatting, dating and friends networking. Users may also download games to play on their mobile phones. Users may only access TOM Online's community-oriented products on a monthly subscription basis.

TOM Online provide its wireless data products through its SMS, MMS and WAP services. SMS allow users to access TOM Online's download and information products through their mobile phones. Users are also able to interact with other users by subscribing to TOM Online's community-oriented products. have MMS use General Packet Radio Service technology, or GPRS technology, and have a greater capacity than SMS. As a result, MMS enables users to download colorful pictures and advanced ring tones as well as transmit more data in a single message. WAP allows users to browse content in a more user friendly format on their mobile phones so that users can request and receive information in a manner similar to accessing information on Internet websites. WAP also uses GPRS technology and allows users to download pictures, logos, wallpaper, interactive games, ring tones and other Internet content.

Wireless Data Services Cooperation Arrangements

TOM Online has established cooperation arrangements with mobile telecommunications operators, mobile phone producers and other wireless data service providers in connection with its wireless data services business.

TOM Online provides its wireless data services to users in the PRC through China Mobile's Monternet platform and China Unicom's UNI-Info platform, and it shares revenues from these services with China Mobile and China Unicom. China Mobile and China Unicom control the two mobile telecommunications networks through which all wireless data services are currently provided to mobile phone users in the PRC. TOM Online has also entered into many cooperation and revenue sharing agreements with various provincial subsidiaries of China Mobile, as well as China

Unicom, to provide wireless data services to mobile phone users, to research and develop new wireless data technologies and to promote the use of wireless data services in the PRC. TOM Online was one of the first wireless data service providers to jointly develop and launch MMS and WAP services with China Mobile.

TOM Online was also an early mover amongst its peers to establish handset alliances with mobile phone manufacturers, embedding icons which allow mobile phone users to access the TOM Online's wireless value-added service offerings into selected mobile phones. In addition to bundling TOM Online's products and services with such mobile phone producers, TOM Online also leverages its relationship with them to enter into joint marketing programs, such as campus roadshows to target young users. Such partnerships have also led to multi-pronged cooperation relationships in which the mobile phone producers become key online advertising clients.

In addition, TOM Online has established promotion arrangements with other Internet companies, pursuant to which they promote TOM Online's products on their websites in exchange for a share of the revenue that is generated by the sale of TOM Online's products on their websites.

Fee and Revenue Sharing

TOM Online establishes the fees for its wireless data services in consultation with mobile telecommunications operators in the PRC. The mobile telecommunications operators establish standards within which wireless data services providers are able to set the fees for their services. These standards are filed with the MII and based on such standards, TOM Online charges its users content fees on either a per message or a monthly subscription basis.

TOM Online shares the revenue from these fees with the mobile telecommunications operators, content providers and mobile phone producers, where relevant. TOM Online also pays a transmission fee to the appropriate mobile telecommunications operator with respect to messages that it sends through its wireless value-added services platform.

Revenue Sharing Arrangements

As at 31 December 2003, TOM Online's revenue sharing arrangements with China Mobile's subsidiaries and China Unicom ranged between 55% to 85% of the fees charged by China Mobile and China Unicom to their respective customers. China Mobile and China Unicom provide TOM Online with billing and collection services for TOM Online's wireless data services business. The fees for TOM Online's services are incorporated into China Mobile's invoices, which are sent to users on a monthly basis. TOM Online receives monthly statements from each of the mobile telecommunications operators, which indicate the amount of fees that were charged to users for wireless data services that TOM Online provided.

TOM Online also shares revenue from its wireless data services with the mobile phone producers with whom it has cooperation arrangements, pursuant to which, mobile phone producers receive 40% to 60% of the revenue that TOM Online receive from mobile telecommunications operators, with respect to wireless data services that are accessed through the link to TOM Online's Internet portal in the user's handset.

In addition, TOM Online has entered into mutual promotion arrangements with other website operators for the placing of its products on their website. Pursuant to these arrangements, TOM Online generally pays 20% to 50% of the revenue it receives from the mobile telecommunications operators in connection with the services delivered to users that utilise products on their website. TOM Online has also entered into content licensing agreements with content providers. Pursuant to these agreements, TOM Online either pays a fixed fee for the content that it licenses or it remit a percentage of the revenue that it receives from mobile telecommunications operators with respect to messages that contain the licensed content.

(ii) Wireless IVR services

Wireless IVR services are a new category of wireless value-added service that allow users to access pre-recorded information from their mobile phones and to interact with other users through chat and dating services.

On 19 November 2003, TOM Online acquired the entire issued share capital of Puccini, which provides wireless IVR services through LTWJi. LTWJi enjoys a first mover advantage with respect to developing relationships with China Mobile and content providers, as well as having established operational and technical expertise while the market is still relatively undeveloped. Since launch, LTWJi's user base and minutes used have grown rapidly, reaching approximately 1.2 million users and 19 million minutes used in the last quarter of 2003, from a user base of approximately 145,000 and 1.7 million minutes used in the first quarter of 2003.

(B) *Online advertising*

TOM Online provides online advertising services which consist of selling and placing advertisements on its websites in various forms, such as banners, link logos and pop-up boxes through both direct clients and major advertising agencies.

TOM Online also offers, as part of its online advertising, online directory listings services to its clients, through which it charges a listing fee for its clients to receive a priority ranking to their website when a user conducts a keyword search on the online directory. In addition, TOM Online's Internet navigational and search capabilities allow users to browse its directory listings through a Chinese or English language keyword search that scans the content of its directory, which is organised under 17 principal categories and further organised under over 550 subcategories. It has developed partnerships with online directory listings companies in the PRC to provide its users with comprehensive and enhanced search capabilities.

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Beginning in 2003, as its portal traffic grew rapidly and reached similar scale to competitors, TOM Online began to focus on significantly expanding its online advertising business through increasing its sales and marketing efforts to develop this business as well as leveraging its increasing registered user base and portal traffic.

(C) Commercial enterprise solutions

TOM Online's commercial enterprise solutions, which it has been operating since 2001, provides technical and consultancy services to cater to the Internet-related computer hardware and software needs of its clients. TOM Online provides its clients with integrated enterprise solutions in the areas of web design and maintenance, online advertising management systems, server hosting, billing and management systems, e-commerce and fee-based e-mail. As part of its integrated enterprise solutions, TOM Online offers its clients various services, including assessment of computer hardware and software requirements, purchase and installation of computer hardware and software, development and integration of software applications and maintenance of such hardware and software.

TOM Online's commercial enterprise solutions leverage its expertise in Internet and wireless value-added services by offering business system solutions to corporate and government entities. TOM Online helps its clients employ wireless data services, such as SMS, to improve their internal and external communication systems. TOM Online's clients can also use its solutions to implement customer service systems, which enable them to promote their products and provide timely information and updates to their customers through wireless data services.

(D) Internet Portal

TOM Online's Internet portal is the foundation for its primary business activities. TOM Online provides various content and services through its websites including over 20 primary content channels, various chat rooms, an online directory, Internet navigational and search capabilities and both basic free e-mail and advanced fee-based e-mail. TOM Online's primary website address is www.tom.com.

Its primary portal content channels targeted at young and trendy users include news, sports, entertainment, automobile, womens', travel and community information. In the fourth quarter of 2003 TOM Online's portal received over 148 million average daily website page views. TOM Online's content, which is both developed in-house and obtained from third party content providers, is edited, redesigned and repackaged for its various products and services. In December 2003, ChinaLabs Limited (互聯網實驗室) ranked TOM Online's women, entertainment and sports channels among the top three Internet portals in the PRC in terms of user traffic.

In December 2003, TOM Online also launched its first online game, Karma Online. Karma Online is an online first-person shooting game. Karma Online was launched as a content tool to increase the number of young and trendy users to visit TOM Online's websites and to use its wireless value-added services. TOM Online obtained the licensing

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rights for Karma Online from a Korean company, for an initial royalty fee and it will be required to share a percentage of its gross revenue generated from Karma Online on a monthly basis with such licensor. In 2003, the TOM Online has re-launched its free email promotion to its users and as at 31 December 2003, it had over 18 million registered users.

Other Non-Core Internet Businesses

Apart from TOM Online, certain entities of the TOM Group continue to engage in either non-portal business within the PRC, online business outside the PRC or constitute passive investments of the TOM Group. The revenues derived from the provision of such services are insignificant. However, those businesses which are not passive investments of the TOM Group do not compete with the businesses of the TOM Online Group either because they operate in a different geographical market (being online businesses outside the PRC which are insignificant and ancillary to the TOM Group's main business) or because they offer different services (being non-portal businesses). The Company has entered into a deed of non-competition with TOM Online to ensure the clear delineation of their respective businesses.

Outdoor Media Group

The TOM Group's Outdoor Media Group operates one of the largest billboard and unipole network in the PRC. The Outdoor Media Group's diversified outdoor media assets comprise primarily billboards and unipoles, which it leases from the local government entities authorised to sell the related advertising rights. Other outdoor media assets, including its concession rights to advertise, are owned by the TOM Group.

The Outdoor Media Group is focused on building the largest billboard and unipole network in the PRC and has already achieved nationwide coverage in 30 cities and has over 5,000 advertising panels. The Outdoor Media Group's key competitors include Clear Media Limited, Media Nation Inc. and Media Partners International Holdings Inc., all of which are listed in Hong Kong and are acknowledged as the significant public companies in this media sector in Greater China. The Company's competitors focus on areas such as bus shelters, bus advertising, and metro systems whereas the Outdoor Media Group focuses on billboard and unipoles, where it has built a significant presence. The Outdoor Media Group would rank third in terms of revenue and second in terms of EBITDA profitability when compared to these peers for the year ended 31 December 2003.

The Outdoor Media Group's primary focus is on billboards and unipoles, representing altogether approximately 80 per cent. of its outdoor asset portfolio in terms of advertising space, as it believes that outdoor media in the PRC is faster-growing, more cost effective and more highly developed than other forms of advertising. The Outdoor Media Group designs, produces and installs advertisements on over 5,000 advertising panels covering 30 economic regions or cities in the PRC. The average occupancy rate was around 78% throughout 2003.

The TOM Group has built its outdoor media network primarily by acquiring majority stakes in certain outdoor media operators in the PRC. The Outdoor Media Group's nationwide media platform comprises three media service centres in Beijing, Shanghai and Guangzhou and principally 10 business units located in Guangzhou, Xiamen, Qingdao, Kunming, Shandong, Liaoning, Shenyang, Fujian, Sichuan

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and Henan. The three media service centers in Beijing, Shanghai and Guangzhou have now been established as wholly-owned subsidiaries providing dedicated nationwide advertising services to advertisers in these cities. The Outdoor Media Group manages and integrates its various subsidiaries and unifies processes such as management reporting, asset grading, media scheduling, sales management and after-sales support. This centralised platform provides value-added services to all its subsidiaries and offers “one-stop-shop” advertising solutions to clients, including unified branding, coordinated pricing and media buying, centralised financial management, market research and development.

Complementing the local client base, the Outdoor Media Group has begun recruiting multinational clients through alliances with international advertising agencies as well as directly with national clients.

Major advertising campaigns undertaken during 2003 included a nationwide contract with Amoisonic, a major domestic mobile phone manufacturer with outdoor advertising placed across thirty cities in the PRC. In Shanghai, the Outdoor Media Group pioneered a new form of outdoor advertising, with a building-wrap wall signage advertisement for Intel. This was the first ever in Shanghai and has since become a major landmark.

In 2003, the Outdoor Media Group sought to bolster organic growth by securing rights to an additional 21,000 square metres (approximately) of outdoor advertising space, comprising over 600 advertising panels with over 90 per cent. of the new asset space in the billboard and unipole category. These included key city center locations across 25 cities and major highways in and around the Sichuan and Yunnan Provinces. Further concessions were obtained in the first quarter of 2004, including approximately 9,000 square meters of outdoor asset space, primarily in the billboard and unipole category, in key locations across four provinces of Fujian, Guangdong, Shandong and Shanghai. The Outdoor Media Group also focused on maintaining good relations with local authorities to secure long-term concessions for ten years or more.

Publishing Group

The TOM Group is one of the leading publishers in Greater China, with operations in the PRC, Taiwan and Hong Kong. The Publishing Group has an annual magazine circulation of approximately 22 million, publishes approximately 10 million copies of books annually, and has over 60 magazine titles and more than 10,000 book titles and 41 publishing brands extending across Taiwan, the PRC and Hong Kong. In the year of 2003 alone, a number of award winning titles were produced and 8 new magazines were launched. During the three months ended 31 March 2004, a total of 5 new magazines, 387 new books were launched in Taiwan and a further 14 book titles were licensed for production by PRC publishers. TOM Group’s publishing business is significantly larger than other Hong Kong listed publishing companies such as Jessica Publications and Capital Publications, while it is smaller than Next Media (also a Hong Kong listed publishing company) in terms of revenue for the year ended 31 December 2003.

Taiwan The TOM Group’s Taiwan publishing business is one of the largest publishers in Taiwan with a focus on consumer magazine and book markets. It comprises five business units: Cité, PC Home, Sharp Point, Business Weekly, and Nong Nong.

Cité was established in September 1996 and is currently one of the leading book publishers in Taiwan with operations in the PRC, Malaysia and Hong Kong, owning 29 publishing brands targeting different market segments. Sharp Point is Taiwan's largest Chinese language youth magazine and book publisher. *Business Weekly* is Taiwan's leading magazine publisher with 15 years of operating history. Its flagship publication *Business Weekly* is Taiwan's best-selling business magazine. PC Home is a leading magazine publishing group on information technology, personal finance and learning in Taiwan. It publishes and owns the intellectual property rights of 30 popular magazine titles in Taiwan including *PC Home*, *PC Office*, *PC Gamer*, *PC Shopper*, *Smart*, *Download* and *Business Next*. Nong Nong publishes magazines targeted at women and health related topics. *Business Weekly* has established excellent relations with international publications, such as *Shape*, a monthly magazine on fitness, *Marie Claire*, a monthly magazine on fashion and style and *Mom Baby*, a monthly magazine on motherhood.

As part of TOM Group's integration strategy in Taiwan, it has reorganised its five Taiwan business units under one holding platform, known as Cité Publishing Holding. The reorganisation resulted in an overall attributable shareholding of approximately 83 per cent. to the Company. In the fourth quarter of 2003, these business units of the Taiwan Publishing division were physically relocated into a single office building location in Taipei, further facilitating operational integration synergies in the area of office rental, back office support, paper procurement, printing and distribution channel management.

The PRC. In November 2003, the TOM Group entered into a conditional joint venture agreement with Sanlian, a state owned publisher administered by the Bureau of News and Publishing in the PRC, to form a Sino-foreign co-operative joint venture enterprise in the PRC to be known as 北京三聯世紀文化傳播有限公司 (Beijing Sanlian Shiji Wenhua Chuanbo Company Limited) ("Beijing Sanlian"), to engage in full-scale publishing distribution operations in the PRC. The joint venture is intended to be owned as to 49 per cent. by the TOM Group and as to 51 per cent. by Sanlian. Sanlian has over 50 years of experience in publishing, with a main focus on titles related to social sciences and having a portfolio of over 5,500 book titles and four influential magazines. This joint venture will include magazine distribution and advertising, books distribution, international copyright trading services, online books and magazines information services, book translation and editing, and the development of a bookstore chain.

In September 2002, the TOM Group entered into a letter of intent with certain Independent Third Parties to establish a joint venture enterprise in the PRC between the TOM Group and one of the largest and most profitable publishers of IT-related publications in the PRC, the Popular Computer Group. This joint venture enterprise is intended to be owned as to 49 per cent. by the TOM Group and as to 51 per cent. by the Popular Computer Group. It is proposed that the joint venture enterprise will carry on the business of domestic and overseas distribution and sale of the computer reference books and magazines published by the Popular Computer Group, including *China Popular Computer Week* and will have the sole and exclusive right to sell advertisements of such publications. The Company will make the appropriate announcements and disclosures as required by the Listing Rules if and when definitive agreements are entered into by the parties. The Directors believe that the Popular Computer Group is a successful IT-related magazine publisher in the PRC. With the establishment of this joint venture enterprise, it would allow the TOM Group to substantially increase its presence in the print media business in the PRC, particularly in the area of IT-related publications.

In the first quarter of 2003, the TOM Group established a joint venture, CNPIT TOM Culture Company Limited, with CNPIEC Information Technology Company Limited, a wholly-owned subsidiary

of China National Publications Import & Export (Group) Corporation (“CNPIEC”), one of PRC’s largest import and export groups of publications. CNPIEC’s nationwide distribution network and good relationship with government authorities will offer the TOM Group competitive advantages not only in identifying print media partners and distributing its publications in the PRC, but also bringing into the PRC proprietary content from the TOM Group’s publishing business in Taiwan and Hong Kong. The partnership will further facilitate the TOM Group’s aim to build the largest Chinese language media platform in the region.

As part of the TOM Group’s cross-geographic integration efforts, the TOM Group’s Taiwanese publishing arm has accelerated its expansion into the PRC by licensing publishing rights to books and magazine titles in the PRC, with over 130 book titles and eight magazine titles licensed as of the date of this document. *Business Weekly*, one of the TOM Group’s flagship Taiwan magazines, launched its subscription in the second quarter of 2002 and has grown its PRC subscriber base to approximately 1,500 subscribers as of the Latest Practicable Date.

Hong Kong. The TOM Group increased its efforts to realise synergies between its Hong Kong publishing operations and its print media asset base in Taiwan and the PRC. The TOM Group publishes one of the region’s most influential Chinese language news magazines, *Yazhou Zhoukan*. The TOM Group has adapted content from its Taiwan-based *Business Weekly* and its PRC-based *Advantage* for use in *CUP*, a Hong Kong magazine, to strengthen that publication’s business editorial section. *CUP* has also branched into providing custom publishing services to corporate clients. Magazines published by *CUP* include *AV magazine*, a leading audio and visual electronics magazine. The TOM Group also publishes *Lifestyle Plus*, a leisure and lifestyle magazine available to residents of properties managed by the CKH group of companies and *ParknShop Magazine*, a food, health and home magazine available for sale at all ParknShop supermarkets in Hong Kong.

Sports Group

The TOM Group’s Sports Group is one of the leading domestic sports marketing companies possessing international rights with execution capabilities and expertise in and outside of the PRC. For the year ended 31 December 2003, the Sports Group has TV programmes syndicated to over 30 television channels as well as rights to seven major sporting events staging over 1,700 live games in the PRC. Based upon the Company’s internal data, the Sports Group has an average weekly viewership of approximately 100 million. It purchases rights associated with sporting events and licenses such rights downstream to sponsors, vendors, and other interested parties. The Sports Group owns commercial sporting rights in the PRC for table tennis, volleyball, golf, bowling university soccer, tennis and diving events.

During 2003, the first ever Thailand Open was held in Bangkok with strong response in terms of sponsorships, player participation and audience attendance. In December 2003, 12 exhibition matches featuring Paradorn Srichaphan and seven other international top tennis players were held in three cities across Thailand, attracting 18 sponsors and approximately 24,000 in spectator attendance. It is intended that both the Thailand Open and Paradorn Super Tour will become regular annual events. The Sports Group also successfully secured the perpetual rights to the Women’s Tennis Association Licence in the first quarter of 2004, adding onto its portfolio of tennis marketing rights of the Association of Tennis Professionals China Open and Thailand Open.

New commercial rights obtained during the course of 2003 included the exclusive representation of the China National Table Tennis Team and the China National Women Volleyball Team, and rights to a “Ryder Cup” style team competition, featuring Europe’s top golfers against Asia’s rising talent, to be held in December of 2004. Other rights included the Philips Inter-collegiate Football League and the National Bowling Championship. The Inter-collegiate Football League was formed in 2000 and has now become the highest profile college sports event in the PRC. The Sports Group places continuous efforts to assist Philips in exploitation of its sponsorship rights and to increase penetration of its products in colleges in the PRC.

The Sports Group also customizes sponsorship of teams and events. The first China Open will be held in Beijing in September 2004, and is already attracting tremendous interests from potential sponsors, players and the general public. The Sports Group formed a joint venture with Beijing Youth Daily to market and promote the China Open, effectively combining the local advertising and client network resources of Beijing Youth Daily with the sports marketing expertise of the Company. The Sports Group aims to build the China Open into one of the world’s most important tennis tournaments, while at the same time creating a platform that offers marketers unique and compelling brand building opportunities in the PRC.

The TOM Group also participates in producing sports television programmes, including *Nokia Omega Golf Magazine* and *Dreaming for Athens*. It produces sports television programmes that are syndicated to 30 television channels, has an average weekly television viewership of approximately 10 million. The TOM Group syndicated the 2002 ATP tennis tournament to over 25 television stations worldwide.

Television and Entertainment Group

In September 2003, the TOM Group completed its acquisition from TBSAP of approximately 64.07 per cent. of the issued share capital of CETV (the “CETV Shares”), a 24-hour, Putonghua language satellite television channel dedicated to delivering general entertainment content to the Chinese audience. Its reach extends over 23 million households nationwide in the PRC, and was the first foreign broadcaster granted cable carriage landing rights in the Guangdong Province. CETV is also carried on China’s Central Platform allowing its controlled nationwide access. The channel offers mix of general entertainment programming, ranging from movies, dramas, variety and game shows, while also producing a certain amount through in-house productions.

TOM TV, Turner Broadcasting Systems, Inc., TBSAP and the Company entered into an option deed on 15 September 2003 (the “Option Deed”). Pursuant to the Option Deed, TOM TV granted to TBSAP, among other things, call options over all of the CETV Shares then held by TOM TV as at the date of exercise of such option upon such terms and conditions as set out in the Option Deed. Further details of the Option Deed are set out in the section headed “Option Deed in relation to CETV Shares” under paragraph II (c) in Appendix IX to this document.

The Television and Entertainment Group has now assumed board and management control of CETV and is committed to turning around the operations and revamping the channel. A number of important restructuring initiatives have been undertaken since taking charge of the channel. The transmission and part of the post production function has already been migrated to the newly invested

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TOM Digital Media Center and is now fully digital in its internal operations; planning was started on the relocation of the current Hong Kong based operations to a new office in Shenzhen along with the setup of new sales and marketing offices in Guangzhou and Beijing; recruitment and placement of key management executives, cross-promotional and other operational synergies have been effected with other businesses of the TOM Group.

The Television and Entertainment Group's initial efforts have yielded some encouraging results. One of CETV's prime time dramas, *Dolphin Bay Lovers* and a special event *The 40th Golden Horse Award* received top ratings and were ranked within the top three among audiences in Guangzhou, Shenzhen and Shaoguan during their respective day-part segments. As at the end of 2003, CETV's ranking was ninth amongst all television channels in Guangzhou, a significant improvement from its number eighteen position in the prior year.

Ongoing efforts within operations include building a new sales and marketing organisation, digitization of the current transmission and distribution, continued recruitment of local talent in the PRC, ultimately with a view to increase the production volume of the channel's original programming. A major relaunch of CETV has been planned for the second half of 2004.

In March 2002, the TOM Group entered into an agreement for the acquisition of interest in a sino-foreign joint venture enterprise to be established in the PRC, being Hong Xiang, which was to acquire the then assets and businesses of Hong Xiang Production. Hong Xiang Production was then engaged in the video and audio production and distribution businesses, with over 45 million CD, VCD and DVDs produced and distributed nationwide. Such acquisition was completed in April 2004 and the TOM Group currently has a 49 per cent. equity interest, and enjoys another 1 per cent. economic benefit in Hong Xiang.

MARKETING

Each of the TOM Group's business segments has its own marketing strategy and policy.

The focus of the Internet Group's marketing strategy is to generate and enhance awareness of its TOM.COM brand name. It holds regular brand name events to promote its products and services throughout the PRC and public relation events, such as product launching events, campus promotions, and product promotional events, in which it offers awards to selected participants, to market its brand name and its products. It also conducts market research in order to determine the interest of its target customers. It has also participated in joint marketing programmes with its key business partners. In addition, it utilises its online media platform to enhance its online advertising services against traditional media coverage, such as newspapers, magazines and television, without charge, to promote its brands, products and services.

The Outdoor Media Group also has its own sales team, which is remunerated based on commission as a percentage of sales as well as basic fees. Members of the sales team have strict weekly, monthly and quarterly budgets to meet. In promoting its business, the Outdoor Media Group participates in various industry exhibitions, conferences and seminars, conducts and participates in market research, via research agencies as well as participates in the coordination of certain industry based magazines to raise its corporate profile.

The Publishing Group also has a dedicated sales team to promote its services and products. It organises special promotions in the launch of magazines, offering subscription discounts to customers and other promotional events for its products.

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The Sports Group also utilises its dedicated sales team to promote its sports events and sports consultancy services as well as its sports programming. The Television and Entertainment Group utilises similar channels to promote its television air times.

CUSTOMERS AND SUPPLIERS

Customers

The Company's top five customers collectively accounted for less than 30% of the Company's turnover for each of the three years ended 31 December 2003. None of the Directors or their associates or any Shareholders, who to the knowledge of the Directors hold more than 5% of the Company's issued share capital, has any interests in any of these customers. Most of the customers of the Company settle the payment to the Company by way of cash or by cheque. The Company grants credit periods ranging between 30 to 70 days to its top five customers. Generally, the credit periods which the TOM Group granted to customers, other than the top five customers, range from 30 days to 120 days. Payment from customers are mostly settled in the local currencies where the business entity operates. The bad and doubtful debts incurred during each of the three years ended 31 December 2003 were approximately HK\$3,753,000, HK\$28,630,000 and HK\$25,180,000 respectively. The TOM Group's customers are spread over Greater China, ranging from individual magazine subscribers to multi-national enterprises.

Suppliers

The Company's top five suppliers accounted for less than 30% of the Company's total purchases for each of the three years ended 31 December 2003. None of the Directors or their associates or any Shareholders, who to the knowledge of the Directors hold more than 5% of the Company's issued share capital, has any interests in any of these suppliers. Most of the Company's payments to these suppliers are settled by way of cash or by cheque. The length of the credit terms granted to the Company by its top five suppliers varies between 20 days to 142 days. Generally, the credit terms granted to the TOM Group, other than top five suppliers, ranges from 30 days to 142 days. The TOM Group's major suppliers comprise mobile telecommunications operators and suppliers of printing materials and audio and video products. Payments to the suppliers are mostly settled in local currencies and by way of cash or by cheque.

COMPETITION

The TOM Group does not believe that other companies compete with it in Greater China across its multiple media business lines. However, the TOM Group's individual business lines and products do face competition locally and within their business sectors, as discussed below:

Internet Group

The TOM Group believes that its Internet Group faces intense competition in the PRC, particularly in the wireless data services market and online advertising, as barriers to entry are relatively low and the number of players is high. The primary competitors in the wireless data services market include Sina.com, Sohu.com, Netease.com and Tencent Technology Limited. The

BUSINESS

TOM Group competes primarily on the basis of brand name, product and service offerings and content. The TOM Group believes that it has advantages over its competitors because of the close cooperation arrangements it has with leading mobile phone producers in the PRC, its focus on high margin wireless data services and wireless IVR Services, its targeting of the young and trendy user base, and its innovative product team and promotion and marketing programs.

The TOM Group also competes in the highly competitive online advertising industry where its primary competitors are Sina.com, Sohu.com and Netease.com. The Company has only begun to focus on developing its online advertising business in the beginning of 2003 and competes primarily on the basis of user traffic, advertising agency relationships, strength of internal sales team, and price. Some of the Company's major competitors have a longer operating history and a more established track record in the online advertising business than the Company.

Outdoor Media Group

The TOM Group believes that the outdoor media market in the PRC is highly fragmented, with most operations being run locally. Among the few exceptions with national coverage are MediaNation Inc., which has a significant share of the PRC transit media and street furniture advertising market, and Clear Media Ltd., which has a strong focus on bus shelter advertising. The TOM Group does not believe that these providers of outdoor media pose a significant competitive threat because they are not major participants in the billboards and unipoles segment of the outdoor media market which the TOM Group is focused on.

Publishing Group

Within Taiwan and the PRC, there are many publishing companies that compete with the TOM Group's publishing operations. As at the end of 2003, the TOM Group was one of the largest publishers in consumer magazine and book markets in Greater China. The TOM Group is not aware of any other company that has significant Chinese language publishing operations in both Taiwan and the PRC, and it believes that the synergies gained from integrating its operations in Taiwan and the PRC are an important competitive advantage relative to its competitors. In particular, upon the establishment of the joint venture enterprise Beijing Sanlian, the Company will engage in publishing activities in the PRC through this joint venture enterprise. The TOM Group therefore believes it is in a strong position to bring non-PRC Chinese language publications into the PRC.

Sports Group

While there are many smaller participants in the PRC sports marketing industry, the TOM Group believes that amongst the local participants, it owns the largest number of sporting event rights in the PRC. The TOM Group believes that by continuing to pursue its acquisitive strategy in this business line, as well as maximising synergies between its sports marketing business and other media business lines, such as Internet, outdoor media, publishing and television and entertainment, it will be able to consolidate its leading position in sport marketing and further distance itself from its competitors.

BUSINESS

Television and Entertainment Group

With respect to television entertainment content production, distribution and advertising in the PRC, the TOM Group faces substantial competition in each of these areas. In content production, state-owned or state-sponsored producers have a dominant position, with many domestic private producers and licensors of foreign productions contributing to a highly competitive segment of the PRC entertainment market. Similarly, there are many participants, both state-owned and private, in entertainment distribution and advertising. Many of these competitors are significantly larger, and may have greater financial resources, than the TOM Group.

INSURANCE

The TOM Group is covered by insurance policies arranged with reputable insurance agents which cover fire, flood, riot, strike, malicious damage, other material damage to property and physical assets, and public liability.

The TOM Group believes that its properties and physical assets are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage, and such insurance coverage is in accordance with customary industry practice in the relevant locations.

GOVERNMENT REGULATIONS

There are a multitude of government laws and regulations that apply to the TOM Group's businesses, especially in the PRC. These laws and regulations apply to the conduct of each of the TOM Group's business lines, as well as to its ability to invest in, acquire, own, and control its businesses in the PRC. To the best of the Directors' knowledge, none of the members of the TOM Group is in breach of any applicable laws and regulations in any material respect during the Relevant Period.

PRC

General

The telecommunications industry, including computer information and Internet access services, is highly regulated by the PRC government. Regulations issued or implemented by the State Council, the MII, and other relevant government authorities cover virtually every aspect of telecommunications network operations, including entry into the telecommunications industry, the scope of permissible business activities, interconnection and transmission line arrangements, tariff policy and foreign investment.

In March 1998, the National People's Congress of the PRC approved a government restructuring plan that directed the MII to assume, among other things, the regulatory, administrative and other responsibilities of, and rights previously exercised by, the former Ministry of Post and Telecommunications.

BUSINESS

The MII, under the leadership of the State Council, is responsible for, among other things:

- formulating and enforcing telecommunications industry policy, standards and regulations;
- granting licenses to provide telecommunications and Internet access services;
- formulating tariff and service charge policies for telecommunications and Internet access services;
- supervising the operations of telecommunications and Internet access service providers; and
- maintaining fair and orderly market competition among operators.

In September 2000, the PRC State Council promulgated the Telecommunications Regulations, or the Telecom Regulations. The Telecom Regulations categorise all telecommunications businesses in the PRC as either infrastructure telecommunications businesses or value-added telecommunications businesses, with ICP services and e-mail services classified as value-added telecommunications businesses. According to the Telecom Regulations, the commercial operator of such services must obtain an operating license. The Telecom Regulations also set forth extensive guidelines with respect to different aspects of telecommunications operations in the PRC.

In December 2001, in order to comply with the PRC's commitments with respect to its entry into the WTO, the State Council promulgated the Telecom FIE Rules. The Telecom FIE Rules set forth detailed requirements with respect to capitalisation, investor qualifications and application procedures in connection with the establishment of a foreign invested telecommunications enterprise. Pursuant to the Telecom FIE Rules, the ultimate capital contribution ratio of the foreign investor(s) in a foreign-funded telecommunications enterprise that provides value-added telecommunications services (including the radio paging services included in infrastructure telecommunications services) shall not exceed 50%. In addition, pursuant to Foreign Investment Industrial Guidance Catalogue, as of 11 December 2003 the permitted foreign investment ratio of value-added telecommunications services is 50%.

The Administrative Measures for Telecommunications Business Operating Licenses, or Telecom License Measures, were promulgated by the MII on 26 December 2001. The Telecom License Measures confirm that there are two types of telecommunications operating licenses for operators in the PRC (including foreign-invested telecommunications enterprises), namely, licenses for infrastructure services and licenses for value-added services. With respect to the latter, a distinction is made as to whether a license is granted for intra-provincial or "trans-regional" (inter-provincial) activities. An appendix to the license will detail the permitted activities of the enterprise to which it was granted. An approved telecommunications service operator must conduct its business (whether infrastructure or value-added) in accordance with the specifications recorded on its Telecom Business Operating License. The Telecom License Measures also confirm that the MII is the competent approval authority for foreign-invested telecommunications enterprises.

In addition to the regulations promulgated by the central PRC government, some local governments have also promulgated local rules applicable to Internet companies operating within their respective jurisdictions. In Beijing, the Beijing Municipal Administrative Bureau of Industry and Commerce, or the Beijing AIC, has promulgated a number of Internet-related rules. In September 2000, the Beijing AIC invalidated a previously issued circular and adopted a new set of rules requiring owners of the domain names of commercial websites located within Beijing to register their website names and commercial websites with the Beijing AIC. In April 2001, the Beijing AIC also promulgated the Online Advertising Tentative Administrative Measures requiring all ICPs within Beijing which provide online advertising services to obtain an advertising operating license. In addition, the Beijing Telecommunications Administration Bureau issued a circular requiring bulletin board services, or BBS, providers to obtain approval from the Beijing Telecommunications Administration Bureau.

Regulation of Internet Content Services; Publications

Subsequent to the State Council's promulgation of the Telecom Regulations and the Internet Information Services Administrative Measures, or the ICP Measures, in September 2000, the MII and other regulatory authorities formulated and implemented a number of Internet-related regulations, including but not limited to the Internet Electronic Bulletin Board Service Administrative Measures, or the BBS Measures, and the Tentative Administrative Measures Concerning Internet Portals Carrying on the News Displaying Business, or the Internet News Measures. The ICP Measures require that commercial ICP operators must obtain an ICP license from the appropriate telecommunications authorities in order to carry on any commercial ICP operations within the PRC. ICP operators must display their operating license numbers in a conspicuous location on their home page. ICP operators are obliged to police their websites in order to remove categories of harmful content that are broadly defined. This obligation reiterates Internet content restrictions that have been promulgated by other ministries over the past few years. In addition, the ICP Measures also provide that ICP operators which operate in sensitive and strategic sectors, including news, publishing, education, health care, medicine and medical devices, must obtain additional approvals from the relevant authorities in charge of those sectors as well. The BBS Measures provide that any ICP operator engaged in providing online BBS is subject to a special approval and filing process with the relevant governmental telecommunications authorities. The Internet News Measures require that any ICP operator engaging in any news displaying services must obtain approval for those services from the appropriate governmental authorities on news. Of particular note to foreign investors, the ICP Measures stipulate that ICP operators must obtain the consent of the MII prior to establishing an equity or co-operative joint venture with a foreign partner.

Certain local governments have promulgated local rules applicable to Internet companies operating within their respective jurisdictions. In Beijing, the Beijing AIC has promulgated a number of Internet-related rules. In April 2001, the Beijing AIC invalidated a previously issued circular and adopted a new set of rules requiring owners of the domain names of commercial websites located within Beijing to register their website names and commercial websites with the Beijing AIC.

The Ministry of Health, the State Drug Administration and other regulatory authorities of the PRC have also adopted regulations regarding the online dissemination of online medical or drug-related information. These regulations require that, among other things, medical, health and drug information must be scientific and accurate and the sources of the information must be identified. Websites which have received approval to disseminate such information must also publish or reprint health policies, information on epidemics and major health-related incidents and other information in this area in accordance with law. Medical and drug-related advertisements published by such websites are also prohibited from exaggerating the efficacy or promoting the medical uses of the advertised products.

On 7 November 2000, the Internet News Measures was promulgated by the State Council News Office and the MII. These rules stipulate that general websites established by non-news organisations may publish news released by certain official news agencies if such websites satisfy the requirements set forth in Article 9 of the rules and have acquired the requisite approval, but may not publish news items produced by themselves or news sources from elsewhere. The aforementioned requirements include the following:

- they must have a purpose and guidelines with respect to online news services that comply with laws and regulations;
- they must have the necessary news editorial departments, funds, equipment and premises;
- they must have professional staff in charge of editing who are experienced in journalism and are qualified at a medium or higher level to hold technical positions in journalism, and an appropriate number of editorial staff who are qualified at a medium or higher level to hold technical positions in journalism; and
- they must use news sources such as State news agencies, news bureaus of departments under the State Council or news agencies directly under the provinces, autonomous regions or directly administered municipalities.

The aforementioned rules also require the general websites of non-news organisations to apply to the State Council News Office at the national level for approval after securing the consent of the local government news office before they commence operating news dissemination services. Also, general websites intending to publish news released by the aforementioned news agencies or bureaus must enter into agreements with them and submit copies of those agreements to the relevant administration department.

The SNPA is the government agency responsible for regulating publishing activities in the PRC. On 27 June 2002, MII and the State News and Publications Bureau of the PRC jointly promulgated the Internet Publishing Tentative Administrative Measures, or the Internet Publishing Measures, which took effect on 1 August 2002. The Internet Publishing Measures require Internet publishers to secure approval from SNPA. The term “Internet publishing” is defined as an act of online dissemination whereby Internet information service providers select, edit and process works created by themselves or others (including content from books, newspapers, periodicals, audio and

video products, electronic publications, etc. that have already been formally published or works that have been made public in other media) and subsequently post the same on the Internet or transmit the same to users via the Internet for browsing, use or downloading by the public.

Under the relevant regulations, ICP operators and Internet publishers are prohibited from posting or displaying any content that:

- opposes the fundamental principles determined in the PRC's Constitution;
- compromises State security, divulges State secrets, subverts State power or damages national unity;
- harms the dignity or interests of the State;
- incites ethnic hatred or racial discrimination or damages inter-ethnic unity;
- sabotages the PRC's religious policy or propagates heretical teachings or feudal superstitions;
- disseminates rumours, disturbs social order or disrupts social stability;
- propagates obscenity, pornography, gambling, violence, murder or fear or incites the commission of crimes;
- insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or
- includes other content prohibited by laws or administrative regulations.

Failure to comply with this content censorship requirement may result in the 3 revocation of ICP licenses and the closing down of the concerned websites.

Regulation of Advertisements

The advertising business is highly regulated by the PRC government. The State Administration of Industry ("SAIC") is the government agency responsible for regulating advertising activities in the PRC. Pursuant to the Foreign Invest Advertising Enterprise Administration Rules, the ultimate capital contribution ratio of the foreign investor(s) (other than investors in Hong Kong, Macau and Taiwan) in a foreign-funded advertising enterprise shall not exceed 70%, and as of 10 December 2005 the permitted foreign investment ratio of advertising enterprise is 100%.

While there are no nationwide uniform laws or regulations in the PRC specifically governing online advertising businesses, certain local government authorities, such as the Beijing AIC, have issued a number of regulations governing online advertising businesses. In March 2001, the Beijing AIC promulgated the Online Advertising Tentative Administrative Measures, which requires all ICPs providing online advertising services within Beijing to obtain an advertising operations

license. In addition, the Beijing Telecommunication Administrative Bureau issued a circular requiring BBS providers to obtain approval from the Beijing Telecommunications Administration Bureau. The SAIC and the Beijing AIC have already released and adopted a handful of regulations in this area, namely, the Notice Regarding the Standardisation for Qualifications for the Operation of Online Advertising, Notice Regarding Applications by Network Economic Organisations for an Advertising Business License, Mandatory Regulations for the Administration Systems of Advertising Enterprises and Qualification Standards for the Registration of Online Advertising Business. According to the Notice Regarding the Standardisation for Qualifications for the Operation of Online Advertising, those companies that have already obtained an advertising operating license may undertake design and production and agency work in relation to online advertising and may carry out advertising publication business via their own websites. We cannot predict what stance the SAIC or any other PRC governmental agencies may adopt in the future.

Regulation of E-Commerce

At present, except for certain rules or directives issued by certain governmental authorities, there are no specific PRC laws at the national level governing e-commerce or defining e-commerce activities, and no PRC government authority has been designated to regulate e-commerce. There are existing regulations governing retail and auction businesses which require companies to obtain licenses in order to engage in these businesses. However, it is unclear whether these existing regulations will be applied to e-commerce. There is no assurance that the PRC government will not, in the future, promulgate specific regulations governing e-commerce, designate a government agency to regulate e-commerce activities or apply existing retail and auction regulations to e-commerce activities, any of which events could restrict our business activities.

Regulation of SMS

On 15 April 2004, MII promulgate the Notice on the Relevant Issues Concerning Regulating Short Message Services, or the Notice on SMS. Pursuant to the Notice on SMS, the mobile carrier enterprises shall provide with Short Message Services cooperatively with the SMS providers who shall obtain relevant business licenses, and these enterprises shall not allowed to provide access for those SMS providers without such license. The Notice on SMS regulates the issues of SMS operating business and fee collections, etc. simultaneously.

Regulation of Online Games and Internet Culture Activities

On 10 May 2003, the Ministry of Culture of the PRC promulgated the Internet Culture Administration Tentative Measures, or the Internet Culture Measures, which became effective as of 1 July 2003. The Internet Culture Measures require ICPs which engage in “Internet Culture Activities” to obtain a license for Internet Culture Business Operations from the Ministry of Culture in accordance with the Internet Culture Measures. The term “Internet Culture Activities” includes, among other things, acts of online dissemination of “Internet Cultural Products,” such as audio-visual products, gaming products, performances of plays or programs, works of art and cartoons, and the production, reproduction, importation, sale (wholesale or retail), leasing and broadcasting of Internet Cultural Products. In addition, these regulations require a separate review of the content of any online games which are imported into the PRC.

Regulation of Information Security and Censorship

PRC legislation concerning information security and censorship specifically prohibits the use of Internet infrastructure where it results in a breach of public security, the provision of socially destabilising content or the divulgence of State secrets.

- “A breach of public security” includes breach of national security or disclosure of state secrets; infringement on state, social or collective interests or the legal rights and interests of citizens; or illegal or criminal activities.
- “Socially destabilising content” includes any action that incites defiance or violation of PRC laws; incites subversion of state power and the overturning of the socialist system; fabricates or distorts the truth, spreads rumours or disrupts social order; advocates cult activities; or spreads feudal superstition, involves obscenities, pornography, gambling, violence, murder, or horrific acts or instigates criminal acts.
- “State secrets” are defined as “matters that affect the security and interest of the State.” The term covers such broad areas as national defence, diplomatic affairs, policy decisions on State affairs, national economic and social development, political parties and “other State secrets that the State Secrecy Bureau has determined should be safeguarded.”

According to the aforementioned legislation, it is mandatory for Internet companies in the PRC to complete security filing procedures with the local public security bureau and for them to update regularly with the local public security bureau regarding information security and censorship systems for their websites. In this regard, the Detailed Implementing Rules for the Measures for the Administration of Commercial Website Filings for the Record, promulgated in July 2002 by the Beijing AIC, state that websites must comply with the following requirements:

- they must file with the Beijing AIC and obtain electronic registration marks;
- they must place the registration marks on their websites’ homepages; and
- they must register their website names with the Beijing AIC.

The TOM Group has successfully filed and registered its website and website name with the Beijing AIC on 18 May 2001. Accordingly, the TOM Group has obtained an electronic registration mark, which is prominently placed on its homepage.

Regulations of Culture

The Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) promulgated by the State Council in 1997 (“1997 Catalogue”) stipulates that the production, publication and distribution of audio-visual products fall within the restricted category and foreign investment in such business is only permitted by way of joint venture and the PRC joint venture partner shall have a controlling stake in the joint venture.

BUSINESS

The 1997 Catalogue was superseded by the Foreign Investment Industrial Guidance Catalogue promulgated by the State Council on 4 March 2002 which stipulates that the publication and production of audio-visual products now fall within the prohibited category and therefore foreign investment is prohibited from engaging in such business. However the distribution of such audio-visual products falls within the restricted category and foreign investment is permitted to engage in such business on the condition that the investment shall be by way of joint venture and the PRC joint venture partner shall have a controlling stake in the joint venture.

Pursuant to the Regulations Concerning the Management of Audio-visual Products (音像制品管理條例) promulgated by the State Council on 31 December 2001, entities engaging in audio-visual product publication business should obtain the Publication Permit for Audio-visual Products (音像制品出版許可證). Any entity which is not engaged in the audio-visual product publication business and intends to carry on the production of audio-visual products business, such entity should obtain the Production Permit for Audio-visual Products (音像制品制作許可證). Any entity which is engaged in the wholesale, retail and rental of audio-visual products should obtain the Operation Permit for Audio-visual Products (音像制品經營許可證).

In the opinion of the Company's PRC legal counsel, the ownership structures, the business and the operations of all the PRC subsidiaries of the TOM Group, comply with all existing PRC laws, rules and regulations. In addition, no consent, approval or license, other than those that have already obtained, is required under any of the existing PRC laws, rules and regulations for such ownership structures, businesses and operations.

Malaysia

Import Licence

Cite (Malaysia) Sdn. Bhd., the Company's subsidiary company in Malaysia, imports and trades books and magazines from Taiwan. In Malaysia, the Printing Presses and Publications Act 1984 (the "Act") governs the printing, importation, publishing and distribution of publications.

The printing press in Malaysia is monitored relatively closely by governmental bodies. The Act itself provides for the control by the Home Minister of any publication that contains an article, photograph, etc of anything that is likely to be prejudicial to the public interest. The Home Minister may by order published in the gazette, prohibit sale and even importation of such a publication.

It is an offence for a person to produce a publication which is against public decency or one which contains incitement to violence against a person or property.

The Act also stipulates that no person shall print, import, publish, sell, circulate or distribute a newspaper (which definition includes magazines) printed in Malaysia or Singapore unless that person is licensed by the Home Minister. Where magazines are imported from Taiwan, Cite (Malaysia) Sdn. Bhd. does not need a license under the Act. However, the importation and sale of these magazines are subject to the regulations as stated in the preceding two paragraphs. There is

however a requirement to notify the inspection unit of the Home Minister when these magazines and books are imported to enable its officers to inspect the contents of the magazines when the same arrives at the port. This would allow for the officers to determine whether there is a need to censor a particular part of the magazine. Cite (Malaysia) Sdn. Bhd. is in compliance with this procedure.

Cite (Malaysia) Sdn. Bhd. operates in the form of a single private limited company involving in the business of import and resale of books and magazine business. Under existing Malaysian laws, it may commence business upon due incorporation under the Malaysian Companies Act 1965.

In the opinion of the Company's Malaysian legal counsel, no printing presses and publications licenses, permits, approvals or other consents is required under the existing laws of Malaysia for Cite (Malaysia) Sdn. Bhd. to have the power to conduct its present business and such business and operations of Cite (Malaysia) Sdn. Bhd. as disclosed by its management complies with existing Malaysian laws.

Taiwan

The primary business of the Taiwanese companies within the TOM Group involves publishing of books and magazines. Effective from 25 January 1999, the legislators deregulated the publishing business by repealing the Publication Law, which provided prior licensing requirements for publishing activities, including publishing of newspapers, magazines, books and any other forms of publications. Under the current laws of Taiwan, there is no special prior approval, license or registration requirement for the establishment of or engaging in publishing business.

Under the Copyright Law of Taiwan, the copyright exists upon creation of a work without any prior registration requirement. Except for certain exceptional circumstances, all the Taiwanese companies within the TOM Group have copyright transfer agreements with the authors for the publications of the TOM Group to obtain the copyright of such publications.

In order to protect privacy of the personal information, the Law Governing Protection of Personal Data Processed by Computers (the "Personal Data Protection Law") and the related regulations require the publishing business to register with government authority (currently the Government Information Office, "GIO") and obtain a license before it can collect, process by computer, make international transmission or utilise personal data. Except for those disclosed in the Taiwan legal counsel's reports, all the Taiwanese companies have properly registered with GIO and obtained the license required under the Personal Data Protection Law.

In the opinion of the TOM Group's Taiwan legal counsel, all the Taiwanese companies within the TOM Group have been duly incorporated and validly existing under the laws of Taiwan with all requisite corporate power and authority to conduct the TOM Group's primary business as stated above. In addition, the Taiwanese companies within the TOM Group have obtained all material consents, approvals or licenses which are required under any of the existing Taiwan laws, rules and regulations for their current businesses and operations.

BUSINESS

LEGAL PROCEEDINGS

Neither the Company nor any of its subsidiaries is involved in any litigation which could have, in the aggregate, a material adverse effect on the business or financial position of the TOM Group taken as a whole.

INTELLECTUAL PROPERTY RIGHTS

The TOM Group regards the copyrights, service marks, trademarks, trade secrets and other intellectual property it uses as important to its business. Its products are largely comprised of intellectual property content delivered through a variety of media, including Internet, books and magazines and television programming. The TOM Group relies on copyright, trademark and other intellectual property laws to establish and protect its proprietary rights in these products.

Internet Group

The TOM Group's Internet Group delivers value-added multimedia products and services from its Internet portal to its users. Users can access the TOM Group's content through their mobile telephones using various services, such as SMS, MMS, WAP, LTWJi's wireless IVR Services and through the TOM Group's websites using their personal computer. Through these services, the TOM Group provides download, information and community oriented products, such as news headlines, sports, short stories, songs etc. The TOM Group's Internet Group relies on the protection of copyright, trademark and other intellectual property laws to protect the contents published on its websites and mobile telephones.

Outdoor Media Group

The TOM Group's Outdoor Media Group operates the largest billboard, lightbox and unipole network in the PRC. The Outdoor Media Group's outdoor media assets comprise primarily of billboards and unipoles, which it leases from the local government entities authorised to sell the related advertising rights. As the Outdoor Media Group's focus is on outdoor advertising, billboards and unipoles, it is required to obtain an advertising licence from the relevant locality to conduct its outdoor advertising media activities.

Publishing Group

The TOM Group's Publishing Group relies on the protection of copyright on the books and magazines which it publishes and circulates as well as on the magazine titles and book titles which it owns in Taiwan, the PRC and Hong Kong.

Sports Group

The TOM Group purchases rights associated with sporting events and licenses such rights downstream to sponsors, vendors and other interested parties. In addition, the TOM Group also owns commercial sporting rights in the PRC over table tennis, volleyball, bowling, university soccer, gymnastics, basketball, tennis and diving events.

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Television and Entertainment Group

The TOM Group's Television and Entertainment Group relies on acquiring broadcasting rights of television programmes and own produced television programmes which are syndicated to television channels cross the PRC. As at the end of 2003, the Television and Entertainment Group produced approximately 20% of its own programmes. In 2004, the Television and Entertainment Group will seek to increase the percentage of its owned programming to 40%, thereby allowing original programming to be syndicated to local television stations in the PRC.

EMPLOYEES

In 2001, 2002 and 2003, the TOM Group had an average of 1,322, 2,202 and 2,701 full-time employees, respectively. As at 31 December 2003, the TOM Group had 2,835 full-time employees.

The breakdowns of the number of employees by main category of activity and geographical location are as follows:

	Year ended 31 Dec 2001	Year ended 31 Dec 2002	Year ended 31 Dec 2003
Management team	75	159	120
Business development	57	45	44
Corporate communications	10	7	7
Corporate development	9	11	8
Corporate system and IT	89	97	109
Customer relation	56	87	255
e-commerce	43	2	–
Editorial	–	542	593
Finance	104	197	197
Human & office resources	107	171	177
Internal audit	–	–	8
Legal	17	25	24
Other operation	277	313	223
Portal operation	169	138	126
Product development	421	24	146
Sales and marketing	402	749	699
TV production	–	–	99
TOTAL	1,836	2,567	2,835

Geographical location

Hong Kong	210	270	318
PRC	809	1,259	1,449
Taiwan	810	1,035	1,064
Others	7	3	4
	1,836	2,567	2,835

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The TOM Group provides employees' benefits including medical coverage and provident funds. The aforesaid benefits arrangements will be subject to local statutory requirements of different workplaces. Thus, the benefits entitlements of employees in HK, PRC & Taiwan are varied.

The TOM Group has not experienced any strikes or disruptions due to labour disputes. The TOM Group considers its relations with its employees to be good.

All companies within the TOM Group are equal opportunity employers, with selection and promotion of individuals based on suitability for the positions offered. Salary and benefit levels of the TOM Group's employees are maintained at a competitive level and employees are rewarded on a performance related basis within the general framework of the TOM Group's salary and bonus system which is reviewed annually. Employees' benefits including medical coverage and provident funds are provided. In addition, training and development programmes are provided on an on-going basis. The Company believes that its employment policies are critical to attracting the most qualified candidates available and its on-going training and development programmes are critical to maintaining the competitiveness of the TOM Group as a whole.

ENVIRONMENTAL AND SAFETY MATTERS

As far as the Directors are aware, the TOM Group has not breached any applicable environmental standards currently adopted worldwide, including Hong Kong and the PRC.

CONNECTED TRANSACTIONS

A number of transactions (collectively, the "Connected Transactions" and each a "Connected Transaction") have been, and will continue to be, carried out between the TOM Group and certain connected persons (within the meaning of the Listing Rules) of the Company. Particulars of each of the Connected Transactions are set out below. Where a company is said to be a subsidiary of another company in this section headed "Connected Transactions", "subsidiary" shall in such context have the meaning given to it in the Listing Rules.

I. Exempt Continuing Connected Transactions

1. Stationery and Pantry Supplies

BigboXX.com, a wholly-owned subsidiary of HWL has been providing, and will continue to provide, stationery and pantry supplies to the TOM Group. For each of the three years ended 31 December 2003, the total amount paid to BigboXX.com by the TOM Group amounted to approximately HK\$277,000, approximately HK\$390,000 and approximately HK\$237,000, respectively. The Directors consider that the terms of such transactions are on normal commercial terms and are provided in the ordinary and usual course of business of the seller of the consumer goods concerned. It is anticipated that in respect of the total amount which may be paid to BigboXX.com by the TOM Group for the provision of such supplies in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1% or (2) equal to or more than 0.1% but less than 2.5% and the total consideration will be less than HK\$1,000,000. Accordingly, such transactions fall within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and are therefore exempt from all of the Connected Transaction Requirements.

2. Hotel Accommodation and Usage Services

The Hutchison Group has been providing and will continue to provide to the TOM Group hotel accommodation for its staff and hotel services for holding of events and annual dinners.

From time to time, the TOM Group will require hotel accommodation for its staff and hotel services for holding of events and annual dinners and staff accommodation. The market rates of hotel accommodation and hotel services are highly seasonal, and whenever the TOM Group needs to acquire such services from the Hutchison Group, it will on each occasion negotiate with the management staff of the hotel for a better than “walk-in” rates and depending on the season (e.g., winter is low season, except for Christmas) and the number of rooms needed, the TOM Group will be able to negotiate certain group or bulk discounts from the hotels.

For each of the three years ended 31 December 2003, the total room charges paid to the Hutchison Group by the TOM Group amounted to approximately HK\$44,000, approximately HK\$360,000 and approximately HK\$40,000, respectively. The Directors consider that the terms of such services are on normal commercial terms and are provided in the ordinary and usual course of business of the provider of the services concerned. The better than “walk-in” rates may be available to persons other than the TOM Group e.g., travel agencies which may place long-term and bulk bookings.

It is anticipated that in respect of the total amount which may be paid to the Hutchison Group by the TOM Group for the provision of hotel accommodation and services in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1% or (2) equal to or more than 0.1% but less than 2.5% and the total consideration will be less than HK\$1,000,000. Accordingly, such transactions fall within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and are therefore exempt from all of the Connected Transaction Requirements.

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3. *Web maintenance services*

On 6 February 2004, Hutchison GlobalCenter entered into a services agreement with Metro and TOM International under which (i) Hutchison GlobalCenter provides Internet hosting services to Metro at a monthly fee of HK\$15,000; and (ii) TOM International provides software maintenance services to Hutchison GlobalCenter at a monthly fee of HK\$3,850 for a term of two years commencing on 6 February 2004. Metro is owned as to 50% by HWL and 50% by CKH and is therefore a connected person of the Company. The Directors consider that the services are provided on normal commercial terms. It is anticipated that in respect of the total charges which may be received for provision by TOM International of the above software maintenance services to Hutchison GlobalCenter in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1% or (2) equal to or more than 0.1% but less than 2.5% and the total consideration will be less than HK\$1,000,000. Accordingly, such transactions fall within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and are therefore exempt from all of the Connected Transaction Requirements.

4. *Rental Arrangements*

(i) 48th Floor, The Center

TOM International has been leasing the whole floor of 48th Floor, The Center, 99 Queen's Road Central, Hong Kong (the "Head Office") from The Center (48) Limited, a wholly-owned subsidiary of CKH. The current tenancy agreement dated 1 April 2004 is for a term of three years commencing on 1 April 2004 and expiring on 31 March 2007. The monthly rental (exclusive of rates and Government rent) is HK\$414,121 and monthly management fee and air-conditioning charges are HK\$140,597. TOM International is entitled to three rent-free periods of 2 months each commencing on 1 April 2004, 1 April 2005 and 1 April 2006, respectively.

(ii) Gangao Building, Qingdao

Chunyu JV has been leasing a property situated at Unit No.2402, Level 24, Gangao Building, 21 Shandong Road, Qingdao, Shandong Province, the PRC from Mr. Ou-Yang Gang (歐陽剛), who has a controlling interest in the owner of 30% of the equity interest in Chunyu JV and is also a director of Chunyu JV, for use as Chunyu JV's office. The current tenancy agreement dated 23 April 2003 is for a term of three years commencing on 1 July 2002 and expiring on 30 June 2005. The annual rental is RMB180,000 (approximately HK\$169,000), exclusive of management fee and utilities charges.

(iii) Haite Building, Henan

Tianming JV has been leasing a property situated at Unit 12A, Level 12, Haite Building, 29 Nongye Road, Jinshui District, Henan Province, the PRC from Mr. Jiang Ming

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(姜明), who has a controlling interest in the owner of 50% of the equity interest in Tianming JV and is also a director of Tianming JV (Mr. Jiang Ming will resign as a director of Tianming JV), for use as Tianming JV's office. The current tenancy agreement dated 10 February 2002 is for a term of four years commencing on 1 January 2002 and expiring on 1 January 2006. The annual rental is RMB250,000 (approximately HK\$235,000), exclusive of management fee and utilities charges.

(iv) World Trade Centre, Dalian

New Star JV has been leasing a property situated at Units 1, 2 and 12B, Level 32, World Trade Centre, 25 Tongxing Street, Zhongshan District, Dalian, Liaoning Province, the PRC from Mr. Li Pei An (李佩安), who has a controlling interest in the owner of 40% of the equity interest in New Star JV and is also a director of New Star JV, for use as New Star JV's office. The current tenancy agreement dated 30 June 2002 is for a term of three years commencing on 1 July 2002 and expiring on 30 June 2005. The annual rental is approximately RMB408,000 (approximately HK\$384,000), exclusive of management fee and utilities charges.

(v) Jiangxin Building, Chengdu

Southwest JV has been leasing a property situated at Level 24, Jiangxin Building, 58 Taisheng North Road, Chengdu, Sichuan Province, the PRC from Southwest International, which is the registered holder of 30% of the registered capital of Southwest JV, for use as its office. The current tenancy agreement dated February 2003 is for a term of two years commencing from 1 February 2003 and expiring on 31 January 2005. The annual rental is RMB120,000 (approximately HK\$113,000), exclusive of management fee and utilities charges.

(vi) Printing Building, Guangzhou

Yang Cheng Advertising and Yang Cheng Sports have been leasing different portions of Level 6, Printing Building, 733 Dongfengdong Road, Guangzhou, Guangdong Province, the PRC from 羊城晚報物業部 (Yang Cheng Evening News Property Department), which, to the best of the knowledge of the Company, is a department of the owner of YC Head Office, which is the registered holder of 20% of the registered capital of each of Yang Cheng Advertising and Yang Cheng Sports, as the respective offices of Yang Cheng Advertising and Yang Cheng Sports. The term of the two tenancy agreements dated 30 June 2003 signed by Yang Cheng Advertising and Yang Cheng Sports, respectively, are 21 months commencing on 1 July 2003 and expiring on 31 March 2005. The aggregate annual rental and management fee for the two tenancies from 1 April 2004 to 31 March 2005 are RMB449,000 (approximately HK\$422,000).

(vii) CNT Tower, Causeway Bay, Hong Kong

YCP Advertising has been leasing a property situated at Unit F, 6th Floor, CNT Tower, 326-338 Hennessy Road, Wanchai, Hong Kong from YC Enterprise as its office. The

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current tenancy agreement dated 1 January 2004 is for a term of one year commencing on 1 January 2004 and expiring on 31 December 2004. The annual rental is HK\$144,000, exclusive of management fee.

(viii) Huiyang Building, Xiamen

Bomei JV has been leasing a property situated at Units C and D, Level 22, CITIC Huiyang Building, 59 Hubin North Road, Siming District, Xiamen, Fujian Province, the PRC from Ms. Chen Hui Ying (陳慧穎), as Bomei JV's office. Ms. Chen is the daughter of Mr. Chen Mao Sheng (陳茂盛) and Mr. Chen is a director of Bomei JV. The current tenancy agreement dated 1 July 2003 is for a term of one year commencing on 1 August 2003 and expiring on 31 July 2004. The annual rental is RMB120,000 (approximately HK\$113,000), exclusive of management fee and utilities charges.

The Directors consider that the terms of each of the rental arrangements described above are on normal commercial terms and the amounts of rental and/or management fee (as the case may be) paid or payable by the relevant members of the TOM Group to the relevant connected persons have been and will be at market rates. In respect of each of the relevant tenancy agreements, the applicable percentage ratio(s) will on annual basis, be (1) less than 0.1% or (2) equal to or more than 0.1% but less than 2.5% and the total consideration be less than HK\$1,000,000. Therefore, all of the rental arrangements described in this paragraph I.4 fall within the exemption under Rule 14A.33(3) of the Listing Rules, and are exempt from all of the Connected Transaction Requirements.

5. *Transactions between YZZK and the Ming Pao Group*

YZZK has been and will continue to provide services to various subsidiaries of Ming Pao Group, and various members of the Ming Pao Group have been supplying and will continue to supply certain goods and services to YZZK. Members of the Ming Pao Group are connected persons of the Company as they are associates of Ming Pao, which is a substantial shareholder of YZZK. The transactions between YZZK and members of the Ming Pao Group are as follows:

(i) Advertising services provided by YZZK

YZZK has been providing to various members of the Ming Pao Group advertising services and will continue to provide such services to MP Newspapers and MP Publications. The fee charged by YZZK for the advertising services provided to MP Newspapers and MP Publications has been, and is currently expected to continue to be, at a discount of 85% to the prices at which YZZK charges other Independent Third Party customers. The Directors consider that the terms of such advertising services, including the service fees charged by YZZK for the provision of advertising services to MP Newspapers and MP Publications, are on normal commercial terms (having taken into account that in reciprocity, the same rate of discount to the market price had been, and is currently expected to continue to be, offered to YZZK by MP Newspapers (1) for its provision of advertising services to YZZK (as described in paragraph I.5(ii) below); and (2) for purchase of promotional items by YZZK from MP Publications (as described in paragraph I.5(iii) below)). For each of the three years ended 31 December 2003, the total amounts of service fees paid by MP Newspapers and MP

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Publications to YZZK amounted to approximately HK\$15,000, approximately HK\$686,000 and approximately HK\$114,000, respectively. It is anticipated that in respect of the total advertising fees to be received by YZZK for its provision of advertising services to MP Newspapers and MP Publications in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total advertising fees will be less than HK\$1,000,000. Accordingly, the provision of such advertising services falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and is exempt from all of the Connected Transactions Requirements.

(ii) Advertisement services provided by Ming Pao Group

MP Newspapers has been providing and will continue to provide advertising services to YZZK. Such advertising services include the placing of advertisements on publications of MP Newspapers and on mingpao.com website. The service fees charged by MP Newspapers has been, and is currently expected to continue to be at a discount of 85% to the price at which MP Newspapers charges other customers. The Directors consider that the terms of such services are on normal commercial terms or better from the Company's perspective. For each of the three years ended 31 December 2003, the total amounts of service fees paid by YZZK to MP Newspapers amounted to approximately HK\$50,000, approximately HK\$236,000 and approximately HK\$130,000, respectively. It is anticipated that in respect of the total amount of service fees payable by YZZK in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total advertising fees will be less than HK\$1,000,000. Accordingly, the provision of such advertising services falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and is exempt from all of the Connected Transaction Requirements.

(iii) Purchase of promotional items

YZZK has since 2002 been purchasing, and will continue to purchase from MP Publications, promotional products for YZZK's enclosure with a magazine published by YZZK known as “亞洲週刊” (Yazhou Zhoukan) at a negotiable discount to the market price at which the relevant suppliers of such promotional products charge other customers. The Directors consider that the terms of purchase are on normal commercial terms or better from the Company's perspective. For the two years ended 31 December 2003, the total amounts of purchases by YZZK amounted to approximately HK\$277,000 and approximately HK\$71,000, respectively. It is anticipated that in respect of the total amount of consideration payable by YZZK for its acquisition of such promotional products in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total amount of consideration will be less than HK\$1,000,000. Accordingly, such transaction falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and is exempt from all of the Connected Transaction Requirements.

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(iv) Travel and travel-related services

The Ming Pao Group has been providing and will continue to provide to YZZK travel and travel-related services (such as booking for air tickets or hotel accommodation) for consumption by YZZK's staff at market price. For each of the three years ended 31 December 2003, the total amount of service fees paid by YZZK to the Ming Pao Group for travel and travel-related services amounted to approximately HK\$355,000, approximately HK\$408,000 and approximately HK\$258,000, respectively. The Directors consider that the above services are provided on normal commercial terms and that such transactions fall under the category of provision and consumption of consumer goods and services as set out in Rule 14A.33(1) of the Listing Rules, and are therefore exempt from all of the Connected Transaction Requirements.

(v) Sharing of office and godown

YZZK has been sharing and will continue to share with members of the Ming Pao Group certain premises for office and godown purposes and certain car parking space(s) at Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong. YZZK has paid, and will continue to pay, the Ming Pao Group such amount of rent, rates, building management fee and other expenses for the above premises and car parking space(s) occupied by YZZK and such amounts were, and will continue to be, calculated based on the actual floor area occupied by YZZK. The Directors consider that the terms regarding the above sharing arrangement are on normal commercial terms and the amount of fee paid or payable to the Ming Pao Group has been and will be at market price. For each of the three years ended 31 December 2003, the total amount of fee paid by YZZK to the Ming Pao Group amounted to approximately HK\$620,000, approximately HK\$660,000 and approximately HK\$544,000, respectively. It is anticipated that in respect of the total amount of rent payable in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total amount of consideration will be less than HK\$1,000,000. Accordingly, such transaction falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and are exempt from all of the Connected Transaction Requirements.

(vi) Printing services

The Ming Pao Group has been providing and will continue to provide to YZZK printing and printing-related services in connection with the publication of YZZK at market price. The Directors consider that the services are provided on normal commercial terms. For each of the three years ended 31 December 2003, the amount of service fees paid by YZZK to the Ming Pao Group amounted to approximately HK\$296,000, approximately HK\$464,000 and approximately HK\$482,000 respectively. It is anticipated that in respect of the total amount of service fees payable in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total amount of consideration will be less than HK\$1,000,000. Accordingly, such transaction falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and are exempt from all of the Connected Transaction Requirements.

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- (vii) Administration services, personnel services, accounting services, equipment rental provided by members of the Ming Pao Group to YZZK

MP Holdings, has been providing, and will continue to provide, to YZZK various services such as, administration services, personnel services, public relation services, accounting services, electronic data processing (“EDP”) support services, directors’ support service, security services and equipment rental service. YZZK has paid and will continue to pay services fees to MP Holdings for such services on a cost reimbursement basis. The existing agreement regarding the provision of these services were entered into between MP Holdings and YZZK on 1 April 2004 (the “MP Services Agreement”).

The bases for calculating the amount of service fees payable for the different types of services provided pursuant to the MP Services Agreement are as follows:

1. Administration services	: Based on the proportion of the floor area actually occupied by YZZK to that occupied by Ming Pao Group and associated corporations of Ming Pao
2. Personnel, public relations and legal services	: Based on the proportion of the number of YZZK’s staff to the total number of staff of the Ming Pao Group and associated corporations of Ming Pao in Hong Kong
3. Accounting service	: Based on the proportion of the number of accounting staff of MP Holdings actually working for YZZK to the total number of accounting staff of MP Holdings
4. EDP support service (to YZZK’s EDP department)	: Based on the proportion of time incurred by the staff of the EDP department of MP Holdings for the provision of EDP support service for YZZK to the total time incurred by the staff of the EDP department of MP Holdings
5. Directors’ support service	: Based on the proportion of time incurred by directors of MP Holdings for YZZK to the total time incurred by all directors of MP Holdings for all the Ming Pao Group companies in each calendar month
6. Equipment rental	: The sum payable by YZZK will be equivalent to the depreciation charge of MP Holding’s equipment leased by YZZK
7. Other costs and services	: On a reimbursement basis

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The Directors consider that the terms regarding the above services are provided on normal commercial terms. The total amount of service fees paid by YZZK for the three years ended 31 December 2003 amounted to approximately HK\$1,625,000, approximately HK\$2,918,000 and approximately HK\$2,752,000, respectively. It is anticipated that in respect of the total amount of service fees payable by YZZK in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total amount of consideration will be less than HK\$1,000,000. Accordingly, such transaction falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and the MP Services Agreement is exempt from all of the Connected Transaction Requirements.

6. *Transactions between the TOM Group and Turner Broadcasting System, Inc. and Turner Broadcasting System Asia Pacific, Inc.*

(i) Services Agreement

TBSAP and CETV (which is a company owned as to approximately 64.07% by the Company and as to approximately 35.93% by TBSAP) entered into a services agreement on 15 September 2003, under which, at the request of CETV made from time to time, TBSAP will provide certain services (such as production, broadcasting, operation, distribution and transmission of, and research relating to, the free-to-air, 24-hour, Mandarin language, PRC targeted, general entertainment service currently known as “CETV” or “China Entertainment Television” operated by CETV) to CETV at such fee which is equal to the amount of the cost of provision of the relevant services incurred by TBSAP (the “CETV Services Agreement”). Details of the CETV Services Agreement have already been disclosed in an announcement of the Company dated 2 July 2003 and a circular of the Company dated 26 August 2003. The terms of the CETV Services Agreement were approved by the Shareholders at an extraordinary general meeting of the Company held on 15 September 2003. For the period from 15 September 2003 to 31 December 2003, the amount of fee paid by CETV amounted to approximately HK\$628,000. It is anticipated that in respect of the annual amount of fee payable by CETV in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total amount of consideration will be less than HK\$1,000,000. Accordingly, such transaction falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and the CETV Services Agreement is exempt from all of the Connected Transaction Requirements.

(ii) Program Management Agreement

TBSAP and CETV entered into a program management agreement on 15 September 2003, under which TBSAP will provide certain programming management services to CETV at no fee. As no fee is payable by CETV to TBSAP under the program management agreement, the program management agreement is therefore exempt from all of the Connected Transaction Requirements.

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7. *Administrative and Operation-related Consultancy Services*

On 2 July 2003, TOM International entered into an agreement with HIL for the provision of the following services (the “Administrative and Consultancy Agreement”) on a cost reimbursement basis:

- (a) group medical insurance including all employees’ medical, life and accident insurance policies,
- (b) advisory and support services on fund raising and treasury matters;
- (c) intellectual property rights advisory and registration services; and
- (d) operation-related consultancy services which include operation review services (i.e., review on operation and management control, procedure and policy) and ad hoc review of special projects, on all or any of the business units of the Company and/or TOM International in Hong Kong, the PRC and Taiwan from time to time during the term of this agreement.

Due to the substantial size of the Hutchison Group and the large number of employees employed by it, it has established its own group medical insurance scheme covering all the companies within the Hutchison Group. Each company participating in the scheme is required to make contribution to the pool according to the historical records of medical expenses incurred by its employees and the number of employees within the company. The Hutchison Group does not rely on any outside parties to manage the scheme nor external resources to fund the scheme, which is more cost effective for the Hutchison Group as a whole. As an associate of the Hutchison Group, the TOM Group also participates in the medical scheme and makes its pro-rata share of contribution to the scheme based on the number of participants covered by the scheme and adjusted based on historical medical cost incurred by the Hutchison Group’s employees. The TOM Group has obtained quotes from Independent Third Party insurers and when compared with the Hutchison Group scheme, it is more economical for the TOM Group to secure such medical coverage from HWL.

HIL has an internal operation consultancy department which provides operation support services to the Hutchison Group and the services provided include operation review services and ad hoc review of special projects to its subsidiaries and associates. As the TOM Group is a fast growing company with numerous acquisitions, it does not have sufficient internal resources to conduct the necessary operation reviews and strategic/business plan studies. Thus, the TOM Group obtains services from this operation consultancy department on a cost reimbursement basis calculated in accordance with the man hours spent (including any incidental cost incurred) by such staff of HIL who provides the services to the TOM Group. The TOM Group has also obtained quotes from Independent Third Parties the hourly rate charged by them for providing similar services and such quotes indicate that the rates charged by the Hutchison Group is lower than those charged by Independent Third Parties. The Directors consider that the above services are provided on normal commercial terms.

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For each of the three years ended 31 December 2003, the total cost incurred for these services amounted to approximately HK\$687,000, approximately HK\$1,869,000 and approximately HK\$3,640,000, respectively. It is anticipated that in respect of the total amount of cost to be incurred by the TOM Group under the Administrative and Consultancy Agreement in the foreseeable future, the applicable percentage ratio(s) will, on annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total amount of such cost will be less than HK\$1,000,000. Accordingly, the transactions fall within the de minimis exemption under Rule 14A.33(3) of the Listing Rules, and are exempt from all of the Connected Transaction Requirements.

8. *Information Technology Consultancy Services*

HIL has been providing, and will continue to provide, the TOM Group with information technology consultancy services (the “IT Consultancy Agreement”). These services include:

- (a) management information system (“MIS”) maintenance and support services (which include the provision of accounting software, and the implementation and maintenance services of Oracle Enterprise Re-evaluation Planning (“ERP”) system);
- (b) shared use of MIS hardware; and
- (c) annual Oracle license.

Management information services maintenance and support. The fees payable by the TOM Group for the management information services maintenance and support provided by HIL is based on the number of man hours spent by employees of HIL who provide the services to the TOM Group and is on a cost reimbursement basis. Such HIL employees are not dedicated to serve the TOM Group only but also serve other companies within the Hutchison Group.

MIS hardware. The MIS hardware is shared by all companies within the Hutchison Group who use such hardware and the cost for such use is allocated proportionately amongst companies within the Hutchison Group (including members of the TOM Group) on a usage basis.

Oracle licence. The Hutchison Group has a master licence agreement with Oracle to purchase software licenses. The Hutchison Group charges its subsidiaries and associates on usage basis (i.e., the number of licences used) and on a cost reimbursement basis. By entering into a master licence agreement, the Hutchison Group enjoys a bulk purchase discount from Oracle which benefits all the companies within the Hutchison Group (including members of the TOM Group) that use the licenses. If the TOM Group were to negotiate directly with Oracle, it would not be able to obtain the bulk discount rate enjoyed by the Hutchison Group. The Directors consider that the above services are provided on normal commercial terms.

On 2 July 2003, TOM International entered into an agreement with HIL in relation to such service arrangement. For each of the three years ended 31 December 2003, the total cost incurred for these services amounted to approximately HK\$4,125,000, approximately HK\$3,843,000 and approximately HK\$4,006,000, respectively. It is anticipated that in relation to the total annual cost to be incurred in the foreseeable future, the applicable percentage ratio(s) will, on annual basis be

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(1) less than 0.1% or (2) equal to or more than 0.1% but less than 2.5% and the total consideration will be less than HK\$1,000,000. Accordingly, the transactions fall within the exemption under Rule 14A.33(3) of the Listing Rules, and are exempt from all of the Connected Transaction Requirements.

9. *Office management and daily operation services*

Pursuant to a management service agreement dated 20 September 2002 (“Tennis Management Service Agreement”) entered into between Tennis Management, Mr. Lincoln Serejo Venancio and Spectrum Plus, Tennis Management has engaged Spectrum Plus to provide general office management and daily operation services, know-how and manpower support, financial management and reporting services and licensing of property, fixed assets and furniture (“Management Service”) to Tennis Management and its subsidiaries (“Tennis Management Group”) for a term commencing on 20 September 2002 and ending on 31 December 2005. The monthly fee for the period from 1 January 2003 to 31 December 2005 is HK\$160,000 (“Tennis Monthly Fees”). Tennis Management is a company owned as to 60% by the Company and as to 40% by Spectrum International. Each of Spectrum Plus and Spectrum International is a company wholly-owned by Mr. Lincoln Serejo Venancio.

Under the Tennis Management Service Agreement, if in any financial year during 1 January 2003 to 31 December 2005 (“Relevant Year”), the annual aggregate amount of the Tennis Monthly Fees for that year is less than an amount equal to 5% of the total revenue of Tennis Management as shown in the audited consolidated accounts of Tennis Management for the Relevant Year (“5% of Total Revenue”), Tennis Management will pay Spectrum Plus additional service fees for an amount equal to the difference between the aggregate amount of the Tennis Monthly Fees and 5% of the Total Revenue for the Relevant Year (“Additional Service Fees”). As payment of the Additional Service Fees is of an incentive-driven and performance related nature which will only be made in the event that the amount of the 5% of Total Revenue is greater than the Tennis Monthly Fees, the Directors consider that such payment arrangement is a normal commercial arrangement entered into between the parties on an arm’s length basis and the terms of the Management Service are on normal commercial terms.

The total amount of service fee paid by the Tennis Management Group for the period from 1 October 2002 to 31 December 2002 and the year ended 31 December 2003 amounted to HK\$600,000 and HK\$3,840,000, respectively. It is anticipated that in respect of the total amount of service fee payable by the Tennis Management Group in the foreseeable future, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1%; or (2) equal to or more than 0.1% but less than 2.5% and the total amount of consideration will be less than HK\$1,000,000. Accordingly, such transaction falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules, and this arrangement is therefore exempt from all of the Connected Transaction Requirements.

10. *Provision of bandwidth connection services*

Pursuant to a bandwidth connection service agreement entered into in January 2003 between Cernet Network and Cernet, Cernet Network has agreed to provide to Cernet internet bandwidth connection services and related system enhancement in ten cities of the PRC for a term of one year

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from January 2003. The connection service agreement may be extended upon the request of either party. The monthly fee for the provision of the connection services ranges from RMB4,000 to RMB30,000. The monthly fee will vary according to the number of ports and the maximum traffic on the internet.

The Directors consider that the above services are provided on normal commercial terms. For each of the three years ended 31 December 2003, the total amount of service fee received by Cernet Network was zero, approximately RMB1,571,000 (approximately HK\$1,477,000) and approximately RMB1,957,000 (approximately HK\$1,840,000), respectively. It is anticipated that in respect of the total amount of service fee payable to Cernet Network by Cernet pursuant to such service agreement, the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1% or (2) equal to or more than 0.1% but less than 2.5% and the total amount of service fee will be less than HK\$1,000,000. Accordingly, such transaction falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules, and is exempt from all of the Connected Transaction Requirements.

11. Provision of internet data centre service

Cernet Network has, since 2002, been providing, and will continue to provide, certain internet data centre services (the “IDC Service”) to Cernet. Cernet Network and Cernet will enter into an agreement to formalise this arrangement. The IDC Service includes the leasing of racks located at the data centre of Cernet Network in Beijing, the PRC, where the computer servers of Cernet are placed.

The Directors consider that the IDC Service are provided to Cernet on normal commercial terms. For each of the three years ended 31 December 2003, the total amount of consideration received by Cernet Network in respect of the IDC Service was zero, and amounted approximately RMB510,000 (approximately HK\$479,000) and approximately RMB510,000 (approximately HK\$479,000), respectively. It is anticipated that the applicable percentage ratio(s) will, on an annual basis, be (1) less than 0.1% or (2) equal to or more than 0.1% but less than 2.5% and the total amount of consideration will be less than HK\$1,000,000. Accordingly, such transaction falls within the de minimis exemption under Rule 14A.33(3) of the Listing Rules, and is exempt from all of the Connected Transaction Requirements.

12. Content provision agreement

ChinaCare and LTWJi entered into a content provision agreement dated 24 September 2003. Pursuant to this agreement, ChinaCare agreed to provide content to LTWJi for its business for a term of one year from 1 August 2003. This agreement has no fixed value and is a 50:50 revenue sharing arrangement. Based on the amount of revenue generated under such agreement from August 2003 to January 2004, it is anticipated that the total annual consideration payable by LTWJi to ChinaCare under such agreement will not exceed RMB600,000.

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The Directors consider that the terms of the content provision agreement are on normal commercial terms. It is anticipated that in respect of the total annual consideration payable under such agreement, the applicable percentage ratio(s) will be (1) less than 0.1% or (2) equal to or more than 0.1% but less than 2.5% and the total consideration will be less than HK\$1,000,000. Accordingly, transactions pursuant to such agreement fall within the de minimis exemption under Rule 14A.33(3) of the Listing Rules and are therefore exempt from all of the Connected Transaction Requirements.

13. Exempt connected transactions for financial assistance by the TOM Group

Perfect Team Limited (“Perfect Team”) and Mr. Deng Jian Ming entered into a loan agreement dated 11 October 2001, pursuant to which Perfect Team agreed to advance a sum of RMB350,000 to Mr. Deng Jian Ming for the sole purpose of his investment in Tianyu Tenglong Advertising. The loan to Mr. Deng Jian Ming is repayable in one lump sum within one month upon written notice given by Perfect Team that the loan is due and repayable. The loan is non-interest bearing unless it is not repaid within the required time limit by Mr. Deng Jian Ming, in which event, default interest at the rate of 0.01% on the outstanding loan amount will become charged.

Although the terms and conditions of the loan agreement are not in the ordinary and usual course of business of the Company, the Directors consider that they are on normal commercial terms (or better to the TOM Group), as the transactions contemplated under such loan agreement were intended to form part of the Contractual Arrangements in respect of Tianyu Tenglong Advertising and such Contractual Arrangements would enable the TOM Group to enjoy the economic benefits with respect to the 35% interest in Tianyu Tenglong Advertising held by Mr. Deng Jian Ming. As at the Latest Practicable Date, certain documentation in relation to the Contractual Arrangements in respect of the 35% interest in Tianyu Tenglong Advertising held by Mr. Deng Jian Ming has not yet been signed. The Directors (including the independent non-executive Directors) consider that the loan agreement is in the interest of the Company and the Shareholders as a whole. As each of the applicable percentage ratios is less than 0.1%, therefore the loan agreement falls within the de minimis exemption under Rule 14A.65(2)(b) of the Listing Rules and is exempt from all of the Connected Transaction Requirements.

14. Option agreement

Perfect Team and Mr. Deng Jian Ming entered into an exclusive option agreement dated 11 October 2001, pursuant to which Mr. Deng Jian Ming granted Perfect Team an exclusive option to purchase all of his interests in Tianyu Tenglong Advertising (“Option”) as and when permitted by PRC law. The exercise price of the Option is the actual capital contribution made by Mr. Deng Jian Ming towards the registered capital of Tianyu Tenglong Advertising in respect of his interests in Tianyu Tenglong Advertising. The term of this agreement is 10 years from the date of execution of such agreement with an option to extend for a further term of 10 years. The Option granted by Mr. Deng Jian Ming is exercisable at the discretion of Perfect Team to the extent permitted by PRC laws. The Directors consider that the terms of the exclusive option agreement are on normal commercial terms (or better to the Company).

Under Rule 14A.70(1) of the Listing Rules, as no premium was paid for the grant of the Option, the acquisition of the Option falls within the de minimis exemption under Rule 14A.31(2) of the Listing Rules and is exempted from all of the Connected Transaction Requirements. The exercise (or non-exercise) of the Option will be classified at the time of exercise (or non-exercise) of the Option in accordance with the relevant provisions of the Listing Rules.

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II. Exempt financial assistance from connected person

Extended payment term granted by MP Holdings

YZZK is indebted to the Ming Pao Group in respect of YZZK's operating costs, including but not limited to the service fees payable to MP Holdings in relation to the services mentioned in paragraph I.5 above. MP Holdings charges interest on the outstanding amount (including accrued interest) at a rate of 3% per annum. The Directors consider that the terms of the arrangement are on normal commercial terms.

The total amounts of interest paid by YZZK for the three years ended 31 December 2003 amounted to approximately HK\$411,000, approximately HK\$826,000 and approximately HK\$787,000, respectively. As at 31 March 2004, the amount (including accrued interest) indebted to Ming Pao Group was approximately HK\$38,222,000. Since no security over the assets of the TOM Group has been, or is currently expected to be provided in respect of the financial assistance provided by way of the grant of the extended payment term by the Ming Pao Group, the benefit of being granted an extended payment term falls within Rule 14A.65(4) of the Listing Rules and is exempt from all of the Connected Transaction Requirements.

III. Continuing connected transactions exempt from independent shareholders' approval requirements (together, the "Discloseable Connected Transactions")

1. Billing system

Since the second half of 2002, GreaTom, which is a 90%-owned subsidiary of the Company, has been providing, and will continue to provide, services to Great Wall Broadband, in relation to certain computer billing system. GreaTom and Great Wall Broadband will enter into an agreement to formalise their arrangement (the "Broadband Agreement"). The services to be provided by GreaTom will include software development, platform installation and adjustment and the rates of service fees chargeable to Great Wall Broadband will be based on market price. The Directors consider that the above services are provided on normal commercial terms.

Annual Cap:

It is anticipated that the maximum total amount of service fees to be received by GreaTom for the three years ending 31 December 2006 are as follows:

For the year ending 31 December 2004 – HK\$4,730,000
For the year ending 31 December 2005 – HK\$2,350,000
For the year ending 31 December 2006 – HK\$2,350,000

Basis for determining the Caps:

The maximum annual aggregate value ("Cap") of HK\$4,730,000 for the year ending 31 December 2004 was determined based on the internal projection of the service fees to be received by the TOM Group based on the contracts currently under negotiation. It is estimated that the annual service fees to be received by GreaTom for 2004 will be accounted for by two sales contracts, one of which will be for an amount of HK\$2,350,000 and the other contract will be for an amount of HK\$2,380,000.

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The Cap of HK\$2,350,000 for the year ending 31 December 2005 was determined based on the internal projection of contracts in 2005 with reference to the projected value of contracts signed in 2004. It is estimated that the annual service fees to be received by GreaTom for the year ending 31 December 2005 will be accounted for by one sales contract for an amount of HK\$2,350,000.

The Cap of HK\$2,350,000 for the year ending 31 December 2006 was determined based on the internal projection of contracts in 2006 with reference to the projected value of contracts signed in 2005. It is estimated that the annual service fees to be received by GreaTom for the year ending 31 December 2006 will be accounted for by one sales contract for an amount of HK\$2,350,000.

For information purpose, the total amount of service fees received by GreaTom for the two years ended 31 December 2003 amounted to approximately HK\$2,631,000 and approximately HK\$4,937,000 respectively.

2. *Media Buying arrangement*

Yang Cheng Advertising has entered into advertising agency and rebate arrangements, and will continue to have advertising rebate arrangements with YCWB, which is an associate of YC Head Office, in relation to the placing of advertisements in the newspaper published by an associate of YC Head Office, known as “羊城晚報”(Yangcheng Evening News) (“Media Buying Arrangement”). Under the Media Buying Arrangement, if the aggregate amount of the advertising fees for advertisements placed in “羊城晚報”(Yangcheng Evening News) by Yang Cheng Advertising on behalf of its advertising customers (“Advertising Payment”) reaches a certain pre-agreed amount, Yang Cheng Advertising will be entitled to a rebate of 2% to 5% of the aggregate amount of the Advertising Payment (“Advertising Rebate”) under certain criteria. Prior to late 2003, some of the media buying services conducted by Yang Cheng Advertising were through referral sales arrangement. Starting from late 2003, referral sales arrangement ceased and YCWB collected and will collect the Advertising Payment from Yang Cheng Advertising which in turn collected and will collect the Advertising Payment from the advertising customers and Yang Cheng Advertising received and will receive the Advertising Rebate from YCWB.

The Directors considered that the Media Buying Arrangement are on normal commercial terms.

(1) The Advertising Payment

Annual Cap on the Advertising Payment:

It is anticipated that the Cap for the Advertising Payment pursuant to the Media Buying Arrangement for the three years ending 31 December 2006 are as follows:

For the year ending 31 December 2004 – HK\$60,000,000

For the year ending 31 December 2005 – HK\$66,000,000

For the year ending 31 December 2006 – HK\$72,600,000

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Basis for determining the Caps:

The Cap for HK\$60,000,000 for the year ending 31 December 2004 was determined based on (a) the internal projection of contracts signed with YCWB; (b) the internal projection of the TOM Group based on contracts then under negotiation; and (c) a change in the settlement arrangement between the advertising customers, Yang Cheng Advertising and YCWB since late 2003 resulting in an increase in the Advertising Payment.

The Cap of HK\$66,000,000 for the year ending 31 December 2005 was determined based on the internal projection of the Advertising Payment to be paid by Yang Cheng Advertising to YCWB in the year ending 31 December 2004 (i.e., HK\$60,000,000), plus a conservative growth rate of 10%.

The Cap of HK\$72,600,000 for the year ending 31 December 2006 was determined based on the internal projection of the Advertising Payment to be paid by Yang Cheng Advertising to YCWB in the year ending 31 December 2005 (i.e., HK\$66,000,000), plus a conservative growth rate of 10%.

For information purpose, the total amount of the Advertising Payment paid by Yang Cheng Advertising to YCWB for the three years ended 31 December 2003 amounted to approximately HK\$44,163,000, approximately HK\$44,828,000 and approximately HK\$24,663,000, respectively.

The substantial difference in the Advertising Payment for the year ended 31 December 2003 of approximately HK\$24,663,000 and the estimated cap for the year ending 31 December 2004 of approximately HK\$60,000,000 is mainly due to a change in the settlement arrangement as mentioned above. Prior to late 2003, the Advertising Payment in respect of some of the media orders placed by Yang Cheng Advertising on its customer's behalf was directly made by the customers to YCWB and therefore, the Advertising Payment was not recorded in the books of Yang Cheng Advertising. Since late 2003, following the change in the settlement arrangement, Yang Cheng Advertising is required to pay YCWB the Advertising Payment first and then receive the Advertising Rebate from YCWB.

(2) The Advertising Rebate

It is anticipated that the Cap for the Advertising Rebate pursuant to the Media Buying Arrangement for the three years ending 31 December 2006 are as follows:

For the year ending 31 December 2004 – HK\$3,000,000
For the year ending 31 December 2005 – HK\$3,300,000
For the year ending 31 December 2006 – HK\$3,630,000

Basis for determining the Caps:

The Cap for HK\$3,000,000 for the year ending 31 December 2004 was determined based on (a) the internal projection of contracts signed with YCWB; (b) the internal projection of the TOM Group based on contracts then under negotiation which would affect the amount of the Advertising Rebate which is calculated based on the Advertising Payment.

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The Cap of HK\$3,300,000 for the year ending 31 December 2005 was determined based on the internal projection of the Advertising Payment to be paid by Yang Cheng Advertising to YCWB in the year ending 31 December 2005 (i.e., HK\$66,000,000) times a rebate rate of from 2% to 5%.

The Cap of HK\$3,630,000 for the year ending 31 December 2006 was determined based on the internal projection of the Advertising Payment to be paid by Yang Cheng Advertising to YCWB in the year ending 31 December 2006 (i.e., HK\$72,600,000), times a rebate rate ranging from 2% to 5%.

For information purpose, the total amount of the Advertising Rebate received by Yang Cheng Advertising from YCWB for the three years ended 31 December 2003 amounted to approximately HK\$2,230,000, approximately HK\$5,375,000 and approximately HK\$2,301,000, respectively.

There was a significant drop in the amount of the Advertising Payment paid by Yang Cheng Advertising (and accordingly, the amount of Advertising Rebate received by Yang Cheng Advertising) in the year ended 31 December 2003 mainly due to the poor economic condition in the year ended 31 December 2003 which resulted in a substantial decrease in advertising demand. The amount of the Advertising Rebate expected to be received from YCWB for the year ending 31 December 2004 is not expected to increase at a rate similar to that of the Advertising Payment payable by Yang Cheng Advertising for the year ending 31 December 2004 is due to the cessation of the referral sales arrangement in late 2003 as described above.

3. *Network sales arrangements between the Outdoor Media Group and connected persons of the Company*

Pursuant to a co-operation agreement dated 22 June 2004 (“Network Sales Agreement”) entered into between Beijing TOM, Shanghai TOM, Guangzhou TOM, Fench Media, Bomei JV, Chunyu JV, New Star JV, Seeout JV, Southwest JV, Qilu JV, Sano JV and Tianming JV (collectively, “Network Sales Companies” and individually, “Network Sales Company”), the term of which is 3 years from 1 January 2004:

1. if any of Beijing TOM, Shanghai TOM or Guangzhou TOM or its respective subsidiaries (“Main Contractor”) enters into an advertising services agreement with a third party (“Advertising Client”) for the provision of advertising services which involve the provision of outdoor advertising services in a city where another Network Sales Company or its subsidiaries (if any) has outdoor advertising business operations, the Main Contractor will enter into a sub-contract with such Network Sales Company (“Sub-Contractor”) upon the following terms:
 - (a) the Sub-Contractor will provide outdoor advertising services to the Main Contractor; and
 - (b) the Main Contractor will collect the relevant advertising fees from the Advertising Client and, after deducting a certain percentage of commission, pay the residual amount of such advertising fees (“Advertising Fees”) to the Sub-Contractor;

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2. if a client of any Network Sales Company (“Agent”) wishes to place advertisements in a city where another Network Sales Company or its subsidiary(ies) has outdoor advertising business operations (“Service Provider”) and if the terms offered by the Service Provider are no less favourable than the terms offered by other outdoor advertising companies or its subsidiary(ies) operating in that city, the Agent will place advertisements with the Service Provider on behalf of such customer. The Agent will enter into an advertising services agreement with the Service Provider, under which the Service Provider will provide the relevant advertising services to the Agent at a certain amount of advertising fees (“Service Provider’s Fees”). The Agent will also enter into an advertising services agreement with the relevant client, under which the Agent will procure the provision of the relevant advertising services to such client at the Service Provider’s Fees plus a premium (“Marked-up Advertising Fees”). The Agent will collect the Marked-up Advertising Fees from such client and pay the Service Provider’s Fees to the Service Provider.

The Directors consider that the terms of the Network Sales Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Shareholders as a whole.

Among the Network Sales Companies, only Sano JV, Qilu JV and Tianming JV (which are non wholly-owned subsidiaries of the Company) are regarded as connected persons of the Company under the Listing Rules by virtue of the fact that: (i) Mr. Wang Cheng Cheng is the beneficial owner of 40% of the registered capital of Sano JV and is also a director of Sano JV (Mr. Wang Cheng Cheng will resign as a director of Sano JV); (ii) Mr. Jiang Ming has an effective interest of approximately 30% in the registered capital of Tianming JV and is also a director of Tianming JV (Mr. Jiang Ming will resign as a director of Tianming JV); and (iii) Mr. Meng Xian Wei has an effective interest of approximately 36% in the registered capital of Qilu JV and was also a director of Qilu JV (Mr. Meng Xian Wei will resign as a director of Qilu JV), therefore Sano JV, Tianming JV and Qilu JV are associates of Mr. Wang Cheng Cheng, Mr. Jiang Ming and Mr. Meng Xian Wei, respectively. Accordingly, transactions between any of Sano JV, Qilu JV or Tianming JV and any other Network Sales Companies constitute connected transactions of the Company. Save as disclosed in this document, none of the Network Sales Companies is regarded as a connected person of the Company.

Annual Caps:

- (1) *Advertising Fees and Service Provider’s Fees receivable by Sano JV and Tianming JV and/or its respective subsidiaries from the other Network Sales Companies*

It is anticipated that the Caps for the aggregate amount of the Advertising Fees and the Service Provider’s Fees receivable by each of Sano JV and Tianming JV and/or their respective subsidiaries from the other Network Sales Companies pursuant to the Network Sales Agreement for the two years ending 31 December 2005 ^(Note) are as follows:

For the year ending 31 December 2004 – HK\$5,000,000

For the year ending 31 December 2005 – HK\$6,500,000

Note: Sano JV and Tianming JV will cease to be regarded as connected persons of the Company 12 months after the respective dates of resignation of Mr. Wang Cheng Cheng and Mr. Jiang Ming as directors of Sano JV and Tianming JV, respectively.

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Basis for determining the Caps:

The Cap of HK\$5,000,000 for the year ending 31 December 2004 was determined based on (a) the Advertising Fees and the Service Provider's Fees receivable by Sano JV from the other Network Sales Companies for the services provided to the other Network Sales Companies in the year ended 31 December 2003; and (b) the internal projection of the transactions entered and to be entered into between each of Sano JV and Tianming JV and/ or its respective subsidiaries and the other Network Sales Companies.

The Cap of HK\$6,500,000 for the year ending 31 December 2005 was determined based on the above internal projection of the Advertising Fees and the Service Provider's Fees receivable by each of Sano JV and Tianming JV and/ or its respective subsidiaries in the year ending 31 December 2004, plus a conservative growth rate of approximately 30%.

(2) *Advertising Fees and Service Provider's Fees receivable by Qilu JV and/ or its subsidiaries from the other Network Sales Companies*

It is anticipated that the Caps for the aggregate amount of the Advertising Fees and the Service Provider's Fees receivable by Qilu JV and/or its subsidiaries from the other Network Sales Companies pursuant to the Network Sales Agreement for the two years ending 31 December 2005 (Note) are as follows:

For the year ending 31 December 2004 – HK\$8,000,000

For the year ending 31 December 2005 – HK\$10,000,000

Note: Qilu JV will cease to be regarded as a connected person of the Company 12 months after the date of resignation of Mr. Meng Xian Wei as a director of Qilu JV.

Basis for determining the Caps:

The Cap of HK\$8,000,000 for the year ending 31 December 2004 was determined based on (a) the Advertising Fees and the Service Provider's Fees receivable by Qilu JV and/or its subsidiaries from the other Network Sales Companies for the services provided to the other Network Sales Companies in the year ended 31 December 2003; and (b) the internal projection of the transactions entered and to be entered into between Qilu JV and/ or its subsidiaries and the other Network Sales Companies.

The Cap of HK\$10,000,000 for the year ending 31 December 2005 was determined based on the above internal projection of the Advertising Fees and the Service Provider's Fees receivable by Qilu JV and/ or its subsidiaries in the year ending 31 December 2004, plus a conservative growth rate of approximately 25%.

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(3) *Advertising Fees and Service Provider's Fees payable by Sano JV and/ or its subsidiaries to the other Network Sales Companies*

It is anticipated that the Caps for the amount of the Advertising Fees and the Service Provider's Fees to be paid or payable by Sano JV and/or its subsidiaries to the other Network Sales Companies pursuant to the Network Sales Agreement for the two years ending 31 December 2005 (*Note*) are as follows:

For the year ending 31 December 2004 – HK\$4,000,000

For the year ending 31 December 2005 – HK\$4,000,000

Note: Sano JV will cease to be regarded as a connected person of the Company 12 months after the date of resignation of Mr. Wang Cheng Cheng as a director of Sano JV.

Basis for determining the Caps:

The Cap of HK\$4,000,000 for year ending 31 December 2004 was determined based on the internal projection of the transactions entered into and to be entered into between Sano JV and/ or its subsidiaries and the other Network Sales Companies in the year ending 31 December 2004.

The Cap of HK\$4,000,000 for the year ending 31 December 2005 was determined based on the internal projection of the Advertising Fees and the Service Provider's Fees to be paid by Sano JV and/ or its subsidiaries to the other Network Sales Companies in the year ending 31 December 2004.

(4) *Advertising Fees and Service Provider's Fees payable by Qilu JV and/ or its subsidiaries to the other Network Sales Companies*

It is anticipated that the Caps for the amount of the Advertising Fees and the Service Provider's Fees to be paid or payable by Qilu JV and/or its subsidiaries to the other Network Sales Companies pursuant to the Network Sales Agreement for the two years ending 2005 (*Note*) are as follows:

For the year ending 31 December 2004 – HK\$4,000,000

For the year ending 31 December 2005 – HK\$4,000,000

Note: Qilu JV will cease to be regarded as a connected person of the Company 12 months after the date of resignation of Mr. Meng Xian Wei as a director of Qilu JV.

Basis for determining the Caps:

The Cap of HK\$4,000,000 for the year ending 31 December 2004 was determined based on the internal projection of the transactions entered into and to be entered into between Qilu JV and/ or its subsidiaries and the other Network Sales Companies in the year ending 31 December 2004.

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The Cap of HK\$4,000,000 for the year ending 31 December 2005 was determined based on the internal projection of the Advertising Fees and the Service Provider's Fees to be paid by Qilu JV and/ or its subsidiaries to the other Network Sales Companies in the year ending 31 December 2004.

- (5) *Advertising Fees and Service Provider's Fees payable by Tianming JV and/ or its subsidiaries to the other Network Sales Companies*

It is anticipated that the Caps for the amount of the Advertising Fees and the Service Provider's Fees to be paid or payable by Tianming JV and/or its subsidiaries to the other Network Sales Companies pursuant to the Network Sales Agreement for the two years ending 31 December 2005 (*Note*) are as follows:

For the year ending 31 December 2004 – HK\$4,000,000

For the year ending 31 December 2005 – HK\$4,000,000

Note: Tianming JV will cease to be regarded as a connected person of the Company 12 months after the date of resignation of Mr. Jiang Ming as a director of Tianming JV.

Basis for determining the Caps:

The Cap of HK\$4,000,000 for the year ending 31 December 2004 was determined based on the internal projection of the transactions entered into and to be entered into between Tianming JV and/ or its subsidiaries and the other Network Sales Companies in the year ending 31 December 2004.

The Cap of HK\$4,000,000 for the year ending 31 December 2005 was determined based on the internal projection of the Advertising Fees and the Service Provider's Fees to be paid by Tianming JV and/ or its subsidiaries to the other Network Sales Companies in the year ending 31 December 2004.

For information purpose, the aggregate amounts of the Advertising Fees and the Service Provider's Fees received by each of Sano JV, Qilu JV for the year ended 31 December 2003 amounted to HK\$1,843,000 and HK\$4,266,000, respectively. As the outdoor advertising services required by the Main Contractor for the year ended 31 December 2003 mainly involve locations where Tianming JV does not have outdoor advertising operations, therefore, no Advertising Fees nor Service Provider's Fees were received by Tianming JV from the other Network Sales Companies for the year ended 31 December 2003.

According to the records of the Company, agreements relating to the provision of the outdoor advertising services entered into in the year ended 31 December 2003 were, in most cases, made between Beijing TOM and the Advertising Clients and/or the Service Providers. Payments for the Advertising Fees and the Service Provider's Fees were directly made by Beijing TOM to the relevant Advertising Clients or the Service Providers and therefore, none of Sano JV, Qilu JV or Tianming JV has paid any Advertising Fees and/or the Service Provider's Fees to the other Network Sales Companies or their respective subsidiaries for the year ended 31 December 2003.

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Each of the transactions described in this paragraph III above are of a continuing and recurring nature and each of the applicable percentage ratios for transactions under each of these agreements/arrangement, is, on annual basis, expected to be (1) less than 2.5% or (2) equal to or more than 2.5% but less than 25% and the total amount of consideration payable under each of these agreements/arrangements will be less than HK\$10,000,000. Therefore, transactions under each of these agreements/arrangements fall within Rule 14A.34 of the Listing Rules and thus are only subject to the reporting and announcement requirements and are exempted from independent shareholders' approval requirements.

IV. Non-exempt connected transactions between the TOM Group and connected persons of the Company already approved by the independent shareholders of the Company (together, the "Approved Connected Transactions")

I. Advertising Services Agreements

(i) Advertising Services Agreement with CKH

Date: 2 July 2003

Parties: (1) TOM International

(2) CKH

Goods and services provided: TOM International shall provide, and/or to procure other members of the TOM Group to provide, the following goods and services to members of the Cheung Kong Group on such terms and conditions as may be separately determined and agreed between the relevant members of the TOM Group and of the Cheung Kong Group from time to time during the term of this agreement:

- print and publishing services, including the customised publishing services provided in accordance with the specific requirements of each individual customer
- advertising services, including print, outdoor and online advertising services
- public relations and sports event management and other organisation services (such as organising press conferences, sports events and road shows, etc.)
- website development, maintenance and/or hosting services

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Fee:	The amount, payment method and details of the fee payable for the provision of the aforesaid goods and services will be separately determined and agreed between such member of the TOM Group who provides the relevant goods and services and such member of the Cheung Kong Group who requested the said goods and services prior to their entering into each of such transaction
Charging basis:	The fee for such services shall be calculated with reference to the then market rate for the provision of the relevant goods and services
Term:	From 1 January 2003 and expiring on 31 December 2005

Annual Caps:

The Cap for transactions pursuant to the advertising services agreement dated 2 July 2003 entered into between TOM International and CKH as approved by the shareholders of the Company other than the connected person who was interested in this Connected Transaction at an extraordinary general meeting of the Company held on 5 August 2003 (the “2003 EGM”) are as follows:

For the year ended 31 December 2003 – HK\$2,000,000
For the year ending 31 December 2004 – HK\$2,100,000
For the year ending 31 December 2005 – HK\$2,200,000

Basis for determining the Caps:

The Cap of HK\$2,000,000 for the year ended 31 December 2003 was determined based on (a) contracts signed up to the date of the circular of the Company dated 18 July 2003 (the “Circular Date”) with the Cheung Kong Group; and (b) the then internal projection of the TOM Group based on (i) contracts then under negotiations; and (ii) contracts then expected to undergo negotiation and which were expected to be signed in the second half of 2003. It was then contemplated that Tennis Management would organise a series of sporting events, which were seasonal (i.e., normally such events take place in the second half of each year). As such, it was expected at that time that the Cheung Kong Group might enter into contracts for placing advertisements in these events in the latter part of 2003 as these events will be held then.

The Cap of HK\$2,100,000 for the year ending 31 December 2004 was determined based on the then internal projection of contracts with the Cheung Kong Group in 2004 with reference to the then projected value of contracts signed in 2003 (i.e. HK\$2,000,000) plus a conservative growth rate of approximately 5% which was then considered might be resulted from further acquisition of new media companies or organic growth in 2004.

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The Cap of HK\$2,200,000 for the year ending 31 December 2005 was determined based on the then internal projection of contracts with the Cheung Kong Group in 2005 with reference to the then projected value of contracts signed in 2004 (i.e., HK\$2,100,000) plus a conservative growth rate of approximately 5% which was then considered might be resulted from further acquisition of new media companies or organic growth in 2005.

For information purpose, the revenue from the Cheung Kong Group for the aforesaid services for each of the two years ended 31 December 2003 amounted to approximately HK\$867,000 and approximately HK\$746,000, respectively. No advertising services have been provided by the TOM Group to the Cheung Kong Group for the year ended 31 December 2001.

The deviation in the revenue from the Cheung Kong Group in respect of the advertising services for the year ended 31 December 2003 of approximately HK\$746,000 and the Cap of HK\$2,000,000 for the same year is mainly due to the SARS impact in the year ended 31 December 2003, which resulted in the deferral of the signing of some major advertising contracts or the failure of the potential contracting parties to reach commercial terms on the advertising agreements.

(ii) Advertising Services Agreement with HIL

Date: 2 July 2003

Parties: (1) TOM International
(2) HIL

Goods and services provided: TOM International shall provide, and/or to procure other members of the TOM Group to provide, the following goods and services to the HIL Group on such terms and conditions as may be separately determined and agreed between the relevant members of the TOM Group and of the HIL Group from time to time during the term of this agreement:

- print and publishing services, including the customised publishing services provided in accordance with the specific requirements of each individual customer
- advertising services, including print, outdoor and online advertising services

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- public relations and sports event management and other organisation services (such as organising press conferences, sports events and road shows, etc.)
- website development, maintenance and/or hosting services

Fee: The amount, payment method and details of the fee payable for the provision of the aforesaid goods and services will be separately determined and agreed between such member of the TOM Group who provides the relevant goods and services and such member of the HIL Group who requested the said goods and services prior to their entering into each of such transaction

Charging basis: The fee for such services shall be calculated with reference to the then market rate for the provision of the relevant goods and services

Term: From 1 January 2003 and expiring on 31 December 2005

Annual Caps:

The Caps for the transactions pursuant to the advertising services agreement dated 2 July 2003 entered into between TOM International and HIL as approved by the shareholders of the Company other than the connected person who was interested in this Connected Transaction at the 2003 EGM are as follows:

For the year ended 31 December 2003 – HK\$7,000,000

For the year ending 31 December 2004 – HK\$7,400,000

For the year ending 31 December 2005 – HK\$7,800,000

Basis for determining the Caps:

The Cap of HK\$7,000,000 for the year ended 31 December 2003 was determined based on (a) contracts signed up to the Circular Date with the HIL Group; and (b) the then internal projection of the TOM Group based on (i) contracts then under negotiations; and (ii) contracts then expected to undergo negotiation and which were expected to be signed in the second half of 2003. It was then contemplated that Tennis Management would organise a series of sporting events, which were seasonal (i.e., normally such events take place in the second half of each year). As such, it was expected at that time that HIL Group might enter into contracts for placing advertisements in these events in latter part of 2003 as these events will be held then.

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The Cap of HK\$7,400,000 for the year ending 31 December 2004 was determined based on the then internal projection of contracts with the HIL Group in 2004 with reference to the then projected value of contracts signed in 2003 (i.e., HK\$7,000,000) plus a conservative growth rate of approximately 5% which was then considered might be resulted from further acquisition of new media companies or organic growth in 2004.

The Cap of HK\$7,800,000 for the year ending 31 December 2005 was determined based on the internal projection of contracts with the HIL Group in 2005 with reference to the then projected value of contracts to be signed in 2004 (i.e., HK\$7,400,000) plus a conservative growth rate of approximately 5% which was then considered might be resulted from further acquisition of new media companies or organic growth in 2005.

For information purpose, the revenue from the HIL Group for the aforesaid services for the three years ended 31 December 2003 amounted to approximately HK\$3,740,000, approximately HK\$581,000 and approximately HK\$1,594,000, respectively.

The substantial difference in the revenue from the HIL Group in respect of the advertising services for the year ended 31 December 2003 of approximately HK\$1,594,000 and the Cap of HK\$7,000,000 for the same year is mainly due to the SARS impact in the year ended 31 December 2003, which resulted in the deferral of the signing of some major advertising contracts or the failure of the potential contracting parties to reach commercial terms on the advertising agreements.

2. *Media Services Agreements*

(i) Media Services Agreement with HGC

Date: 2 July 2003

Parties: (1) TOM International

(2) HGC

Goods and services provided: HGC shall provide and/or to procure other members of the HGC Group or (as the case may be) third parties to provide the following goods and services to the TOM Group:

- telecommunications services including international long distance call services, facsimile services, data services and provision of international lease line within the Greater China region
- Internet related services, including dial up Internet services, broad band services and provision of Internet hosting line

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Fee: The fee for the provision of the aforesaid goods and services is payable in arrears on a monthly basis and calculated on a pro-rata basis if the relevant month is shorter than a calendar month

Charging basis: • The fee for such services will be agreed at market rates, negotiated at arm's length and on normal commercial terms and in any event shall not be charged at a rate higher than the market rate which HGC charges other customers for the aforesaid goods and services

Any member of the HGC Group has the right to charge additional amounts on a cost reimbursement basis for out of pocket expenses and fees payable to subcontractors of HGC

Term: From 1 January 2003 and expiring on 31 December 2005

(ii) Media Services Agreement with HTHK

Date: 2 July 2003

Parties: (1) TOM International
(2) HTHK

Goods and services provided: HTHK shall procure other members of the HTHK Group or (as the case may be) third parties to provide, the following goods and services to the TOM Group:

- telecommunications services such as mobile phone services and mobile value-added services
- Internet related services, including email messaging services

Fee: The fee payable for the provision of the aforesaid goods and services is payable in arrears on a monthly basis and calculated on a pro-rata basis if the relevant month is shorter than a calendar month

Charging basis: • The fee for such services will be agreed at market rates, negotiated at arm's length and on normal commercial terms and in any event shall not be charged at a rate higher than the market rate at which the aforesaid goods and services are charged by HTHK to other customers

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- Any member of the HTHK Group has the right to charge additional amounts on a cost reimbursement basis for out of pocket expenses and fees payable to subcontractors of HTHK

Term: From 1 January 2003 and expiring on 31 December 2005

Annual Caps:

The aggregate Caps for the transactions pursuant to the two media services agreements dated 2 July 2003 entered into by TOM International with HGC and HTHK respectively (the “Media Services Agreements”) as approved by the shareholders of the Company other than the connected person who was interested in this Connected Transaction at the 2003 EGM are as follows:

For the year ended 31 December 2003 – HK\$3,800,000

For the year ending 31 December 2004 – HK\$4,500,000

For the year ending 31 December 2005 – HK\$4,800,000

Basis for determining the Caps:

The aggregate Cap of HK\$3,800,000 for the year ended 31 December 2003 was determined based on (a) the fees paid/payable for the goods and services provided by HGC Group and the HTHK Group up to the Circular Date; and (b) the then internal projection of the fees to be paid to the HGC Group and the HTHK Group for their services to be provided in 2003. With new acquisitions made in 2002, the TOM Group was required to put in new leased lines to be provided by the HGC Group so as to connect them (on-line wise) with the Hong Kong headquarters so that reporting can be made online or via other telecommunication means.

The aggregate Cap of HK\$4,500,000 for the year ending 31 December 2004 was determined based on the then internal projection of the fees to be paid to the HGC Group and the HTHK Group for their services to be provided in 2004. Such projection was based on (a) the then projected service fees to be paid to HGC Group and the HTHK Group in 2003 (i.e., HK\$3,800,000); and (b) the then planned online financial and other reporting to be put in place in 2004 (i.e., financial and other reporting between its business units in Hong Kong, Beijing and Taiwan to be done via online which will require new leased lines). Furthermore, with the acquisitions made to the Circular Date, the Company was and is still in phases “computerizing” all its business units in the Greater China so that there is uniformity in all their reporting and all these require extra lease lines.

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The aggregate Cap of HK\$4,800,000 for the year ending 31 December 2005 was determined based on the then internal projection of the fees to be paid to the HGC Group and the HTHK Group for their services to be provided in 2005. Such projection was based on the projected service fees to be paid to the HGC Group and the HTHK Group in 2004 (i.e., HK\$4,500,000) plus a conservative growth rate of approximately 6%. As the Company then expected that similar services would be provided from the HGC Group and HTHK Group in 2004 and 2005, the increase in aggregate Caps for these two years were expected to be not quite as sharp as that between 2003 and 2004.

For information purpose, the annual expenditures for the aforesaid services of the TOM Group for each of the three years ended 31 December 2003 amounted to approximately HK\$1,510,000, approximately HK\$2,428,000 and HK\$2,126,000, respectively.

One of the basis for determining the Cap for the year ended 31 December 2003 was based on the internal projection of fees to be paid to the HGC Group and the HTHK Group in light of the Company's then contingency plan to alleviate the impact on its operations which may be caused by the re-occurrence of SARS by strengthening and expanding its internet and telecom services requirement so that its staff could work from home by telephone or video conferencing and internet related service. As Hong Kong has been relieved from the impact of SARS in the second half of 2003, a deviation in the annual expenditures paid to the HGC Group and the HTHK Group for the aforesaid services for the year ended 31 December 2003 of approximately HK\$2,126,000 and the Cap of HK\$3,800,000 for the same year was resulted.

3. *The Tenancy Agreements*

Beijing Super Channel and TOM China entered into a total of three tenancy agreements all dated 2 July 2003 (as supplemented by three supplemental tenancy agreements all dated 13 February 2004) and LTWJi entered into a tenancy agreement dated 13 February 2004, relating to the leasing of office spaces in Beijing Oriental Plaza for the TOM Group's use in Beijing. Details of the four tenancy agreements (as supplemented) are set out below.

(i) First Tenancy Agreement

Landlord:	Beijing Oriental
Tenant:	Beijing Super Channel
Subject premises:	The whole floor of 8th Floor, Tower W3, Oriental Plaza, No.1 East Chang An Avenue, Dongcheng District, Beijing, the PRC
Gross floor area:	Approximately 3,074 sq. m.
Term:	36 months from 15 June 2003 to 14 June 2006

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Rent and management fee:	US\$53,795 per month and monthly management fee of US\$10,759, exclusive of rates and other outgoing charges (which rates and charges are payable to third parties). The rental is payable in advance on a monthly basis.

Pursuant to this agreement (as supplemented), the annual total amount of the rent and management fees payable by Beijing Super Channel for each of the three years ending 31 December 2006 are US\$613,263, US\$613,263 and US\$355,047, respectively. These amounts are also the annual caps approved by the shareholders of the Company other than the connected person who was interested in this Connected Transaction at the 2003 EGM and the extraordinary general meeting of the Company held on 1 March 2004 ("2004 EGM").

(ii) Second Tenancy Agreement

Landlord:	Beijing Oriental
Tenant:	TOM China
Subject premises:	Rooms 1-6, 9th Floor, Tower W3, Oriental Plaza, No.1 East Chang An Avenue, Dongcheng District, Beijing, the PRC
Gross floor area:	Approximately 1,658 sq. m.
Term:	36 months from 15 June 2003 to 14 June 2006
Rent and management fee:	US\$29,015 per month and monthly management fee of US\$5,803, exclusive of rates and other outgoing charges (which rates and charges are payable to third parties). The rental is payable in advance on a monthly basis.

Pursuant to this agreement (as supplemented), the annual total amount of the rent and management fees payable by TOM China for each of the three years ending 31 December 2006 are US\$330,771, US\$330,771 and US\$191,499, respectively. These amounts are also the annual caps approved by the shareholders of the Company other than the connected person who was interested in this Connected Transaction at the 2003 EGM and the 2004 EGM.

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(iii) Third Tenancy Agreement

Landlord:	Beijing Oriental
Tenant:	TOM China
Subject premises:	Rooms 7-8, 9th Floor, Tower W3, Oriental Plaza, No.1 East Chang An Avenue, Dongcheng District, Beijing, the PRC
Gross floor area:	Approximately 654 sq. m.
Term:	36 months commencing from 15 June 2003 to 14 June 2006
Rent and management fee:	US\$11,445 per month and monthly management fee of US\$2,289, exclusive of rates and other outgoing charges (which rates and charges are payable to parties). The rental is payable in advance on a monthly basis.

Pursuant to this agreement (as supplemented), the annual total amount of the rent and management fees payable by TOM China for each of the three years ending 31 December 2006 are US\$130,473, US\$130,473 and US\$75,537, respectively. These amounts are also the annual caps approved by the shareholders of the Company other than the connected person who was interested in this Connected Transaction at the 2003 EGM and the 2004 EGM.

(iv) Fourth Tenancy Agreement

Landlord:	Beijing Oriental
Tenant:	LTWJi
Subject premises:	Rooms 7-8, 5th Floor, Tower W3, Oriental Plaza, No.1 East Chang An Avenue, Dongcheng District, Beijing, the PRC
Gross floor area:	Approximately 656 sq. m.
Term:	31 months and 14 days commencing from 1 January 2004 to 14 August 2006

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Rent and management
fee:

US\$11,480 per month and monthly management fee of US\$2,296, exclusive of rates and other outgoing charges (which rates and charges are payable to third parties). The rental is payable in advance on a monthly basis.

Pursuant to this agreement, the annual total amount of the rent and management fees payable by LTWJi for each of the three years ending 31 December 2006 are US\$130,872, US\$130,872 and US\$103,320, respectively. These amounts are also the annual caps approved by the shareholders of the Company other than the connected person who was interested in this Connected Transaction at the 2004 EGM.

V. Application for Waiver

1. Approved Connected Transactions

Each of the Approved Connected Transactions would constitute continuing connected transactions of the Company exempt from the independent shareholders' approval requirements under the Listing Rules once the Shares are listed on the Main Board and for so long as the connected persons as disclosed under paragraph IV above remain connected persons of the Company.

The Directors, including the independent non-executive Directors, are of the view that the Approved Connected Transactions were entered into on normal commercial terms (or terms no less favourable to the TOM Group than terms available to or from the Independent Third Parties) and the terms are fair and reasonable and in the interest of the Shareholders as a whole. The Approved Connected Transactions are expected to continue and are expected to constitute continuing connected transactions under Rule 14A.34 of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 of the Listing Rules and the announcement requirements set out in Rule 14A.47 of the Listing Rules.

Pursuant to Rule 14A.42(3) of the Listing Rules, the Company has applied to the Stock Exchange for a waiver to comply with the announcement requirements as required under Rule 14A.47 of the Listing Rules during the remaining term of the agreements governing the Approved Connected Transactions mentioned above due to the following reasons:

- a. all of the Approved Connected Transactions and the Caps have already been disclosed and approved at the 2003 EGM or 2004 EGM (as the case may be) by independent shareholders of the Company, in particular:
 - (i) the independent committees of the board comprising of independent non-executive Directors appointed for such purpose had advised the independent shareholders of the Company as to the fairness and reasonableness of these transactions; and
 - (ii) independent financial advisers were appointed at the time to advise the independent board committees;

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- b. the transactions and the relevant Caps have already been fully disclosed and approved by the Shareholders notwithstanding that each of the Approved Connected Transactions only constitutes (i) exempt continuing connected transactions of the Company under Rule 14A.33(3) of the Listing Rules and are therefore exempt from all of the Connected Transaction Requirements or (ii) non-exempt continuing connected transactions under Rule 14A.34 and are therefore subject to the reporting requirements set out in Rules 14A.45 and 14A.46 of the Listing Rules and the announcement requirements set out in Rule 14A.47 of the Listing Rules,
- c. the agreements governing the Approved Connected Transactions have been signed and constitute legally binding obligations on the parties concerned;
- d. it would be impractical to comply with the disclosure, announcement and approval requirements as stipulated under the Listing Rules each time an Approved Connected Transaction occurs after the amount of transactions with each of the relevant parties exceeds the de minimis threshold as set out in the Listing Rules, which compliance would add unnecessary additional costs and negatively impacts on the TOM Group's ability to conduct commercial business with these parties;
- e. there has been no change in the terms of the relevant agreements as approved by the independent shareholders of the Company; and
- f. the transaction amounts for the year ended 31 December 2003 have not exceeded the relevant Caps as approved by the independent shareholders' of the Company and the conditions of such approval (which are set out below) have been duly complied with, including confirmation by the independent non-executive Directors and by the auditors of the Company in the 2003 Annual Report of the Company.

In view of the above, the Directors considered that re-compliance with the announcement requirements as required under Rule 14A.47 of the Listing Rules upon the listing of the Shares on the Main Board is not/should not be necessary because despite the fact that each of the Approved Connected Transactions are exempt from all of the Connected Transaction Requirements once the Shares are listed on the Main Board, the independent Shareholders have already been given the same protection as those required under Rule 14A.45 to Rule 14A.48 of the Listing Rules and therefore the interest of the independent Shareholders had already been safeguarded and would not be prejudiced by virtue of the Company not being required to comply with the requirements under Rule 14A.47 and Rule 14A.48 of the Listing Rules.

2. *Discloseable Connected Transactions*

Each of the Discloseable Connected Transactions are expected to continue and are expected to constitute non-exempt continuing connected transactions under Rule 14A.34 of the Listing Rules and are therefore subject to reporting and announcement requirements under Rules 14A.45, 14A.46 and 14A.47 of the Listing Rules.

The Directors, including the independent non-executive Directors, are of the view that each of the Discloseable Connected Transactions were entered into on normal commercial terms (or terms no less favourable to the TOM Group than terms available to or from Independent Third Parties) and the terms are fair and reasonable and in the interest of the Shareholders as a whole.

The Directors considered that it would be impractical to comply with all of the Connected Transaction Requirements each time a Discloseable Connected Transaction occurs after the amount of transactions with each of the relevant parties exceeds the de minimis threshold as set out in the Listing Rules, which compliance would add unnecessary additional costs and negatively impacts on the TOM Group's ability to conduct commercial business with these parties.

On such basis and pursuant to Rule 14A.42(3) of the Listing Rules, the Company has applied to the Stock Exchange for a waiver to comply with the announcement requirements as required under Rule 14A.47 of the Listing Rules during the remaining term of the agreements governing a Discloseable Connected Transaction mentioned above provided it continues to comply with requirements pursuant to Rules 14A.37 to 14A.41 of the Listing Rules.

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SPONSOR'S CONFIRMATION ON CONNECTED TRANSACTIONS

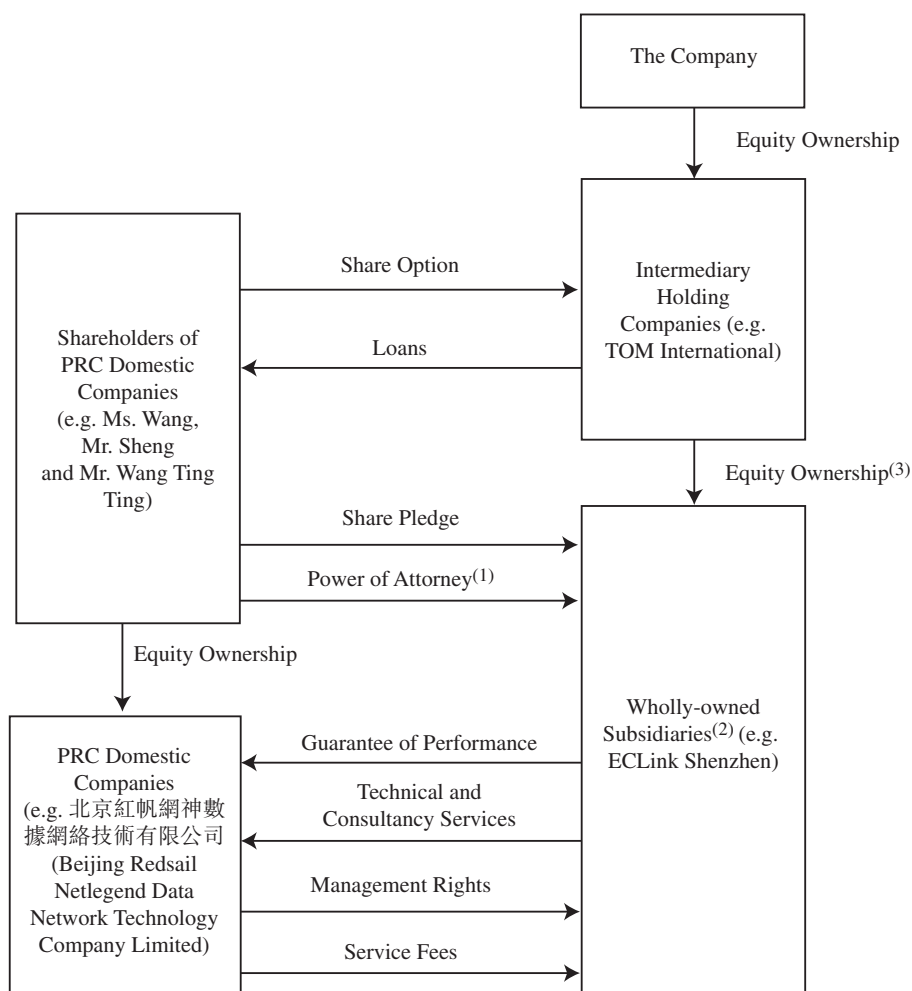
Based on the information (including historical figures) and documents provided by the Company relating to the connected transactions for which a waiver is sought as disclosed in this document, and in relying upon confirmations and representations made by the Company and the Directors, the Sponsor is of the view that the terms of the connected transactions for which a waiver is sought as disclosed in this document are fair and reasonable as far as the Shareholders are concerned. It should be noted that the Sponsor has, in reaching its opinion above, assumed and relied very significantly (without conducting any evaluation or appraisal), both upon the accuracy and completeness of such information, documents, representations and confirmations as at the time they were supplied, and on their continuing accuracy and completeness as at the date of this document. The Sponsor's opinion above represents its view as at the date of this document and such view is necessarily based on, and assumes no change in, economic, market and other conditions in effect on, and the accuracy and completeness of information made available to the Sponsor for the purposes hereof and as at, the date of this document.

CONTRACTUAL ARRANGEMENTS

As PRC regulations currently restrict foreign ownership of companies in certain industries within which the TOM Group engages in, for example, value added telecommunications services (including wireless value added services and internet content services), advertising business (including online and outdoor advertising) and the distribution and retail of audio-visual products, to comply with PRC regulations, the TOM Group conducts its operations through various companies incorporated in the PRC as listed below ("PRC Domestic Companies") which are wholly-owned by PRC nationals and/or entities. The TOM Group does not have any direct equity interest in the PRC Domestic Companies. However, the TOM Group enjoys the economic benefits of the PRC Domestic Companies through a series of contractual arrangements ("Contractual Arrangements") which certain of the Company's wholly-owned subsidiaries have entered into with the PRC Domestic Companies and/or their respective owners. As part of the Contractual Arrangements, members of the TOM Group have entered into the agreements mentioned below. As a result of the Contractual Arrangements, the TOM Group is able to govern the financial and operating policies of the PRC Domestic Companies. In particular, the business operation agreements and the irrevocable powers of attorney executed by the relevant owners of the PRC Domestic Companies enable the TOM Group to appoint its representatives to the management team, including directors, of the PRC Domestic Companies, and to exercise all of the shareholders' rights with respect to those shareholders' interests in the PRC Domestic Companies, therefore giving the TOM Group the decision making rights over the PRC Domestic Companies. In addition, the technical and consultancy services agreements and the equity pledge agreements enable the TOM Group to obtain economic benefits from the PRC Domestic Companies. Accordingly, under HK SSAP 32, these PRC Domestic Companies have been consolidated as subsidiaries of the TOM Group from their respective dates of acquisition.

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The chart below illustrates the benefits and obligations between the TOM Group's intermediate holding companies, its wholly-owned subsidiaries, the PRC Domestic Companies and their shareholders under those agreements.



- (1) Each of the shareholders of the PRC Domestic Companies executed an irrevocable power of attorney in favour of individuals designated by the TOM Group's wholly-owned subsidiaries pursuant to which those individuals have full power and authority to exercise all of the shareholder's rights.
- (2) 昆明風馳傳媒有限公司(Kunming Fench Media Company Limited) which has entered into certain contractual arrangements in relation to each of 北京唐碼國際廣告有限公司 (Beijing TOM International Advertising Limited), 昆明風馳企業管理顧問諮詢有限公司(Kunming Fench Enterprise Management Consultancy Company Limited) and 昆明國佳科技發展有限公司(Kunming Guojia Technology Development Company Limited) is beneficially and legally owned as to 49% by the TOM Group through its wholly-owned subsidiary. The TOM Group through a series of contractual arrangements with each of 昆明風馳企業管理顧問諮詢有限公司(Kunming Fench Enterprise Management Consultancy Company Limited) and 昆明國佳科技發展有限公司(Kunming Guojia Technology Development Company Limited), indirectly enjoys the remaining 51% of the economic benefits in 昆明風馳傳媒有限公司(Kunming Fench Media Company Limited) .
- (3) The equity interest in some of the wholly-owned subsidiaries are not held by the intermediate holding companies but by other members of the TOM Group.

In the opinion of the Company's PRC legal advisers, Commerce & Finance Law Offices:

- the ownership structures of, and agreements and powers of attorney relating to the Contractual Arrangements and the businesses and operations of the TOM Group's wholly-owned subsidiaries and the PRC Domestic Companies, are in compliance with all existing PRC laws, rules and regulations and are fully enforceable in accordance with their terms and conditions;

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- no consent, approval, registration or license, other than those already obtained, is required under any of the existing PRC laws, rules and regulations for the effectiveness and enforceability of the ownership structures, contractual agreements and businesses and operations of the Company's subsidiaries and those companies;
- the agreements and the powers of attorney relating to the Contractual Arrangements taken individually and together as a whole do not result in a breach of any provisions of the respective articles of association of the PRC Domestic Companies and the relevant wholly-owned subsidiaries of the Company who are parties to such agreements, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements and powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(a) Option agreements

Certain wholly-owned subsidiaries of the TOM Group ("Intermediate Holding Companies") entered into option agreements ("Option Agreements") with the PRC Domestic Companies and the Owners (see the table below). Pursuant to such option agreements, the relevant owners of the PRC Domestic Companies ("Owners") have granted exclusive options to the relevant Intermediate Holding Companies to purchase all or part of the relevant Owners' interests in the PRC Domestic Companies concerned when permitted by PRC laws at the purchase price equivalent to the actual capital contribution made by such Owners towards the registered capital of the relevant PRC Domestic Companies in respect of the interest to be purchased, or in the case of Beijing Lei Ting, RMB900,000 and covenanted not to encumber those equity interests in anyway other than as permitted by the relevant Intermediate Holding Company. All the options granted to the TOM Group pursuant to the Option Agreements are exercisable at the discretion of the relevant Intermediate Holding Company to the extent permitted by PRC laws.

	Name of PRC Domestic Company (% accounted for by the Company)	Name of Intermediate Holding Company	Name of Owner (% interest in the PRC Domestic Company)
<i>Internet Group</i>			
1.	Beijing Lei Ting (71.86%) ^{Note 1}	Lahiji	Mr. Wang ^{Note 4} (20%) Ms. Wang ^{Note 5} (80%)
2.	Shenzhen Freenet (71.86%) ^{Note 1}	Advanced Internet	Ms. Wang (70%) Mr. Sheng ^{Note 6} (30%)
3.	LTWJi (71.86%) ^{Note 1}	Puccini	Ms. Wang (20%) Mr. Wang (80%)

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Name of PRC Domestic Company (% accounted for by the Company)	Name of Intermediate Holding Company	Name of Owner (% interest in the PRC Domestic Company)
4. Redsail (100%)	TOM International	Ms. Wang (40%) Mr. Sheng (40%) Mr. Wang Ting Ting (20%)
5. Shenzhen New ECLink (100%)	TOM International	Ms. Wang (40%) Mr. Sheng (40%) Mr. Wang Ting Ting ^{Note 7} (20%)
6. 華夏旅遊網絡有限公司 (China Travel Network Company Limited) ("China Travel Network") (100%)	TOM International	Ms. Wang (40%) Mr. Sheng (40%) Mr. Wang Ting Ting (20%)
7. 北京東方華夏旅行社有限公司 (Beijing Oriental China Travel Agency Limited ("Oriental China Travel") (100%) ^{Note 2}	TOM International	Mr. Wang Ting Ting (20%)
8. Shenzhen Freenet Advertising (100%)	TOM International	Ms. Wang (40%) Mr. Sheng (40%) Mr. Wang Ting Ting (20%)
<i>Sports Group</i>		
9. Yang Cheng Advertising (80%)	Commercelink	Ms. Wang (40%) Mr. Sheng (40%)
10. Yang Cheng Sports (80%)	Commercelink	Ms. Wang (70%) Mr. Sheng (10%)
<i>Outdoor Media Group</i>		
11. Beijing TOM (100%)	TOM Outdoor	Ms. Wang (40%) Mr. Sheng (40%) Mr. Wang Ting Ting (20%)
12. Fench Management(100%)	TOM Outdoor	Ms. Wang (20%) Mr. Sheng (55%) Mr. Li Jian ^{Note 8} (25%)

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Name of PRC Domestic Company (% accounted for by the Company)	Name of Intermediate Holding Company	Name of Owner (% interest in the PRC Domestic Company)
13. Fench Star (100%) ^{Note 3}	World Focus Developments Limited ("World Focus")	Kunming Guojia (49%)
14. 昆明國佳科技發展有限公司 (Kunming Guojia Technology Development Company Limited) ("Kunming Guojia") (100%)	World Focus	Mr. Li Jian (75%) Mr. Yang Zhen Kun ^{Note 8} (25%)
15. 廣州天域騰龍廣告有限公司 (Guangzhou Tianyu Tenglong Advertising Company Limited) ("Tianyu Tenglong Advertising") (65%)	Perfect Team Limited ("Perfect Team")	Mr. Feng Zhi Gang ^{Note 9} (65%)
16. Shanghai TOM (100%)	TOM Outdoor	Mr. Li Jian (60%) Mr. Yang Zhen Kun (40%)
17. Guangzhou TOM (100%)	TOM Outdoor	Mr. Li Jian (60%) Mr. Yang Zhen Kun (40%)

Television and Entertainment Group

18. Beijing Guojiatong (100%)	Prime Digital Limited ("Prime Digital")	Mr. Li Jian (51%) Mr. Yang Zhen Kun (49%)

Notes:

- It is accounted for as a wholly-owned subsidiary of TOM Online, which in turn is a subsidiary of the Company and is owned as to approximately 71.86% by the Company.
- Mr. Wang Ting Ting owns 20% interest in this company and the remaining 80% interest is owned by China Travel Network.
- Kunming Guojia owns 49% interest in this company and the remaining 51% interest is owned by Fench Management.
- Mr. Wang is a non-executive Director, an executive director and the chief executive officer of TOM Online and a director of various other members of the TOM Group.
- Apart from being a registered shareholder of the companies set out in this table, Ms. Wang is otherwise not a connected person as defined under the Listing Rules or an associate of any director, substantial shareholder or chief executive of any member of the TOM Group. She is unrelated to Mr. Wang or Mr. Wang Ting Ting. Ms. Wang is neither an employee of the TOM Group nor related to the senior management of the TOM Group.
- Apart from being a registered shareholder of the companies set out in this table, Mr. Sheng is otherwise not a connected person as defined under the Listing Rules or an associate of any director, substantial shareholder or chief executive of any member of the TOM Group. Mr. Sheng is an employee of the TOM Online Group.
- Apart from being a registered shareholder of the companies set out in this table and being a cousin of Mr. Wang, Mr. Wang Ting Ting is otherwise not a connected person as defined under the Listing Rules or an associate of any director, substantial shareholder or chief executive of any member of the TOM Group. Mr. Wang Ting Ting is not related to Ms. Wang. Mr. Wang Ting Ting is neither an employee of the TOM Group nor related to the senior management of the TOM Group.

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8. Both Mr. Li Jian and Mr. Yang Zhen Kun are directors of Fench Media and Fench Star, both of which companies are accounted for as wholly-owned subsidiaries of the Company. Apart from holding such directorship and being a registered shareholder of the companies set out in this table, neither Mr. Li Jian nor Mr. Yang Zhen Kun is otherwise a connected person as defined under the Listing Rules nor an associate of any director, substantial shareholder or chief executive of any member of the TOM Group. Both Mr. Li Jian and Mr. Yang Zhen Kun are employees of the TOM Group.
9. Apart from being a shareholder and a director of Tianyu Tenglong Advertising, Mr. Feng Zhi Gang is otherwise not a connected person as defined under the Listing Rules or an associate of any director, substantial shareholder or chief executive of any member of the TOM Group. Mr. Feng Zhi Gang was an employee of the TOM Group.

(b) Loan agreements

Pursuant to the loan agreements between the relevant Intermediate Holding Companies and the relevant Owners, the relevant Intermediate Holding Companies have provided long-term loans to the relevant Owners to be invested exclusively in the relevant PRC Domestic Companies. The loans will become due and payable only in the form of transfer of all of the relevant Owners' equity interests in the relevant PRC Domestic Companies to the relevant Intermediate Holding Companies or their nominee(s), including in the circumstances when (i) current restrictions on foreign ownership in the PRC Domestic Companies are lifted under the PRC laws; (ii) the relevant Owners resign from or are removed by the relevant Intermediate Holding Companies or its affiliated entities from office; (iii) the relevant Owners commit a criminal offence; (iv) any third party raises against the relevant Owners a claim over RMB500,000; or (v) the relevant Owners die or become incapacitated. Certain details of these long-term loans are summaries in the following table:

Name of PRC Domestic Company		Name of Intermediate Holding Company	Name of Owner	Amount of loan (RMB)
<i>Internet Group</i>				
1.	Beijing Lei Ting	Lahiji	Ms. Wang	8,800,000
2.	Shenzhen Freenet	Advanced Internet	Ms. Wang Mr. Sheng	16,100,000 6,900,000
3.	LTWJi	Puccini	Mr. Wang Ms. Wang	400,000 100,000
4.	Redsail	TOM International	Ms. Wang Mr. Wang Ting Ting Mr. Sheng	35,000,000 200,000 18,530,000
5.	Shenzhen New ECLink	TOM International	Ms. Wang Mr. Wang Ting Ting Mr. Sheng	400,000 200,000 400,000
6.	China Travel Network	TOM International	Ms. Wang Mr. Wang Ting Ting Mr. Sheng	4,000,000 2,000,000 4,000,000

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	Name of PRC Domestic Company	Name of Intermediate Holding Company	Name of Owner	Amount of loan (RMB)
7.	Oriental China Travel	TOM International	Mr. Wang Ting Ting	100,000
8.	Shenzhen Freenet Advertising	TOM International	Ms. Wang Mr. Wang Ting Ting Mr. Sheng	400,000 200,000 400,000
<i>Sports Group</i>				
9.	Yang Cheng Advertising	Commercelink	Ms. Wang Mr. Sheng	2,000,000 2,000,000
10.	Yang Cheng Sports	Commercelink	Mr. Sheng	500,000
<i>Outdoor Media Group</i>				
11.	Beijing TOM	TOM Outdoor	Ms. Wang Mr. Wang Ting Ting Mr. Sheng	400,000 200,000 400,000
12.	Fench Management	TOM Outdoor	Ms. Wang Mr. Li Jian Mr. Sheng	1,122,000 1,402,500 3,085,500
13.	Kunming Guojia	World Focus	Mr. Li Jian Mr. Yang Zhen Kun	4,042,500 1,347,500
14.	Tianyu Tenglong Advertising	Perfect Team	Mr. Feng Zhi Gang	650,000
15.	Shanghai TOM	TOM Outdoor	Mr. Li Jian Mr. Yang Zhen Kun	600,000 400,000
16.	Guangzhou TOM	TOM Outdoor	Mr. Li Jian Mr. Yang Zhen Kun	600,000 400,000
<i>Television and Entertainment Group</i>				
17.	Beijing Guojiatong	Prime Digital	Mr. Yang Zhen Kun Mr. Li Jian	49,000 51,000

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(c) Exclusive technical and consultancy services agreements

The PRC Domestic Companies listed below have entered into exclusive technical and consultancy services agreements (“Exclusive Technical and Consultancy Services Agreements”) with certain wholly-owned subsidiaries of the Company listed below (“Service Providers”) pursuant to which the relevant PRC Domestic Companies agreed to engage the relevant Service Providers to provide certain technical and consultancy services to the relevant PRC Domestic Companies on an exclusive basis (unless otherwise allowed under such contract) in exchange for service fees, which amount to substantially all of the net income of the PRC Domestic Companies.

Name of PRC Domestic Company	Name of Service Provider
<i>Internet Group</i>	
1. Beijing Lei Ting	Beijing Super Channel
2. Shenzhen Freenet	Beijing Super Channel
3. LTWJi	Puccini Beijing
4. Redsail	ECLink Shenzhen
5. Shenzhen New ECLink	ECLink Shenzhen
6. China Travel Network	ECLink Shenzhen
7. Oriental China Travel	ECLink Shenzhen
8. Shenzhen Freenet Advertising	ECLink Shenzhen
<i>Sports Group</i>	
9. Yang Cheng Advertising	ECLink Shenzhen
10. Yang Cheng Sports	ECLink Shenzhen
<i>Outdoor Media Group</i>	
11. Beijing TOM	Fench Media
12. Fench Management	Fench Media
13. Kunming Guojia	Fench Media
14. Tianyu Tenglong Advertising	Fench Media
15. Shanghai TOM	Fench Media
16. Guangzhou TOM	Fench Media

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Name of PRC Domestic Company

Name of Service Provider

Television and Entertainment Group

17. Beijing Guojiatong

ECLink Shenzhen

(d) Equity pledge agreements

Pursuant to the equity pledge agreements between the relevant Service Providers and the relevant Owners (see the table below), the relevant Owners have pledged to the relevant Service Providers all their respective interests in the relevant PRC Domestic Companies for the performance of the payment obligations of such PRC Domestic Companies under the relevant Exclusive Technical and Consultancy Services Agreements with such Service Providers mentioned in paragraph (c) above. No consideration is payable under each of the equity pledge agreements.

Name of PRC Domestic Company

Name of Service Provider

Name of Owner

Internet Group

1. Beijing Lei Ting

Beijing Super Channel

Mr. Wang
Ms. Wang

2. Shenzhen Freenet

Beijing Super Channel

Ms. Wang
Mr. Sheng

3. LTWJi

Puccini Beijing

Ms. Wang
Mr. Wang

4. Redsail

ECLink Shenzhen

Ms. Wang
Mr. Sheng
Mr. Wang Ting Ting

5. Shenzhen New ECLink

ECLink Shenzhen

Ms. Wang
Mr. Sheng
Mr. Wang Ting Ting

6. China Travel Network

ECLink Shenzhen

Ms. Wang
Mr. Sheng
Mr. Wang Ting Ting

7. Oriental China Travel

ECLink Shenzhen

Mr. Wang Ting Ting

8. Shenzhen Freenet Advertising

ECLink Shenzhen

Ms. Wang
Mr. Sheng
Mr. Wang Ting Ting

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	Name of PRC Domestic Company	Name of Service Provider	Name of Owner
	<i>Sports Group</i>		
9.	Yang Cheng Advertising	ECLink Shenzhen	Ms. Wang Mr. Sheng
10.	Yang Cheng Sports	ECLink Shenzhen	Ms. Wang Mr. Sheng
	<i>Outdoor Media Group</i>		
11.	Beijing TOM	Fench Media	Ms. Wang Mr. Sheng Mr. Wang Ting Ting
12.	Fench Management	Fench Media	Ms. Wang Mr. Sheng Mr. Li Jian
13.	Kunming Guojia	Fench Media	Mr. Li Jian Mr. Yang Zhen Kun
14.	Tianyu Tenglong Advertising	Fench Media	Mr. Feng Zhi Gang
15.	Shanghai TOM	Fench Media	Mr. Li Jian Mr. Yang Zhen Kun
16.	Guangzhou TOM	Fench Media	Mr. Li Jian Mr. Yang Zhen Kun
	<i>Television and Entertainment Group</i>		
17.	Beijing Guojiatong	ECLink Shenzhen	Mr. Li Jian Mr. Yang Zhen Kun

(e) Business operation agreements

Pursuant to the business operation agreements between the Service Providers, the Intermediate Holding Companies and the Owners (see the table in paragraph (d) above), the relevant Service Providers have agreed to act as guarantors for any obligations undertaken by the relevant PRC Domestic Companies and, in return, the relevant PRC Domestic Companies have agreed to pledge all of their respective accounts receivables and assets in favour of the relevant Service Providers. In addition, the relevant PRC Domestic Companies and their respective Owners have agreed to appoint individuals designated by the Service Providers to the management team of the relevant PRC Domestic Companies and to refrain from, unless with the prior written consent of the relevant Service Providers or their nominees, taking certain actions that may materially affect the operations of the relevant PRC Domestic Companies, including lending or assuming any obligation from any third party or sell or transfer any assets to any third parties. No consideration is payable under each of the business operations agreements.

(f) Classification of connected persons

Each of Resail, Shenzhen New ECLink, China Travel Network, Oriental China Travel, Shenzhen Freenet Advertising, Beijing TOM, Fench Management, Fench Star, Kunming Guojia, Shanghai TOM, Guangzhou TOM and Beijing Guojiatong is accounted for as wholly-owned subsidiary of the Company and, by virtue of Rule 14A.12 of the Listing Rules, which provides that connected persons do not include wholly-owned subsidiaries of a listed issuer, none of these companies is a connected person of the Company.

Each of Beijing Lei Ting, Shenzhen Freenet and LTWJi is accounted for as a wholly-owned subsidiary of TOM Online and, by virtue of Rule 20.12 of the GEM Listing Rules, which provides that connected persons do not include wholly-owned subsidiaries of a listed issuer, none of these companies is a connected person of TOM Online. The economic benefits enjoyed by the Company in respect of each of them are entirely derived through the Company's interest in its subsidiary, TOM Online, and as TOM Online is not a connected person of the Company, none of Beijing Lei Ting, Shenzhen Freenet, LTWJi is a connected person of the Company.

Both Yang Cheng Advertising and Yang Cheng Sports are accounted for as non wholly-owned subsidiaries of the Company. Under Chapter 14A of the Listing Rules and the current practices of the Stock Exchange, neither Yang Cheng Advertising nor Yang Cheng Sports is a connected person of the Company.

Tianyu Tenglong Advertising is accounted for as a 65% owned subsidiary of the Company. Mr. Deng Jian Ming, being the registered owner of the remaining 35% of the registered capital of Tianyu Tenglong Advertising, is a connected person of the Company. As Mr. Deng Jian Ming is also a director of Tianyu Tenglong Advertising, Tianyu Tenglong Advertising is an associate of Mr. Deng Jian Ming and accordingly it is also a connected person of the Company.

Accordingly, transactions amongst any of the PRC Domestic Companies (other than Tianyu Tenglong Advertising) themselves and transactions between any of the PRC Domestic Companies (other than Tianyu Tenglong Advertising) and any other member of the TOM Group will not constitute connected transactions of the Company.

The Stock Exchange has pursuant to Rule 2.04 of the Listing Rules deemed each of Mr. Wang, Ms. Wang, Mr. Sheng, Mr. Wang Ting Ting, Mr. Li Jian, Mr. Yang Zhen Kun and Mr. Feng Zhi Gang and his/her associates (which, for this purpose, do not include any PRC companies which are accounted for as wholly-owned subsidiaries of any member of the TOM Group) a connected person of the Company but only for the purposes of transactions between any such individual or his/her associates as aforesaid, on the one hand, and any member of the TOM Group, on the other hand, which do not form part of the transactions arising from the Contractual Arrangements to which such individual is a party; and such transactions (if any) will be deemed connected transactions of the Company and subject to the requirements of Chapter 14A of the Listing Rules.

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company, on the one hand, and the PRC Domestic Companies, on the other, that framework may be renewed upon the expiry of the existing Contractual Arrangements, or replicated (with any necessary changes) in relation to any existing or new intermediate holding

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companies or new PRC domestic companies (“New PRC Domestic Companies”) that the Company may, from time to time, establish or acquire as subsidiaries of the Company. Any transaction arising out of: (i) the existing Contractual Arrangements in respect of the PRC Domestic Companies; and (ii) any Contractual Arrangements to be entered into in the future in respect of those New PRC Domestic Companies which are accounted for as wholly-owned subsidiaries of the Company will not constitute a connected transaction of the Company. If from time to time there is any change in the shareholders of the PRC Domestic Companies or New PRC Domestic Companies are established or acquired by the Company and which are held under Contractual Arrangements, those PRC nationals who become registered owners of the registered capital of any PRC Domestic Companies or any New PRC Domestic Companies which are accounted for as subsidiaries of the Company will also be deemed to be connected persons of the Company but only for the purposes of transactions between such PRC nationals or their respective associates, on the one hand, and any member of the TOM Group, on the other hand, which do not form part of the transactions arising from the Contractual Arrangements to which they are parties and such transactions (if any) will be deemed connected transactions of the Company and subject to the requirements of Chapter 14A of the Listing Rules.

Depending on the relevant facts, the relevant provisions of the Listing Rules and the relevant practices adopted by the Stock Exchange from time to time, those New PRC Domestic Companies which are accounted for as non wholly-owned subsidiaries of the Company (“New PRC Non Wholly-Owned Subsidiaries”) may or may not be connected persons of the Company. Accordingly, any transaction arising out of the corresponding Contractual Arrangements to be entered into in the future in respect of the New PRC Non Wholly-Owned Subsidiaries (which are also connected persons of the Company) may or may not constitute a connected transaction of the Company.

COMPETITION WITH THE CONTROLLING SHAREHOLDERS AND DIRECTORS

Mr. Frank John Sixt and Mrs. Chow Woo Mo Fong, Susan, the Chairman and a non-executive Director respectively, are executive directors of HWL, Cheung Kong Infrastructure Holdings Limited (“CKI”) and Hutchison Global Communications Holdings Limited (“HGCH”) and directors of certain of their respective associates (collectively referred to in this paragraph as “HWL Group”, “CKI Group” and “HGCH Group” respectively). Mr. Frank John Sixt is also a non-executive director of CKH and director of certain of its associates (collectively referred to in this paragraph as “CKH Group”). Mr. Ip Tak Chuen, Edmond, a non-executive Director, is an executive director of CKH and a director of certain of its associates. HWL Group is engaged in e-commerce and general information portals, event production, broadband content, sports-related content, event management and advertising and outdoor media. Both the CKH Group and the CKI Group are engaged in information technology, e-commerce and new technology. HGCH Group is engaged in systems integration and development of software and computer network systems. The Directors believe that there is a risk that such businesses may compete with those of the Group.

Although Cheung Kong Group and Hutchison Group (which include the HGCH Group) also engage in some businesses which may compete with those of the Group (the “Similar Businesses”), the principal businesses of the Cheung Kong Group are property development and investment, hotel and serviced suite operation, property and project management and investment in securities and the principal business of the Hutchison Group are ports and related services, telecommunications, property and hotels, retail and manufacturing, infrastructure, energy, finance and investments.

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As separate listed entities, each of the TOM Group, the Cheung Kong Group and the Hutchison Group develop and manage its respective businesses separately and independently. The Company deals with competition from the Similar Businesses of the Cheung Kong Group and the Hutchison Group (if any) in the same way it deals with competition from businesses operated by other independent third parties. The Company has been listed on GEM for over four years. The operations of the TOM Group during such period have clearly demonstrated that the Company is capable of carrying on its business independently of the Cheung Kong Group and the Hutchison Group. To-date, the Company has not received any offers from CKH or HWL to acquire any companies in the Similar Businesses.

Mr. Sing Wang, an executive Director and chief executive officer of the Company, holds 4.55% of the equity interest in 北京雅寶在線拍賣有限公司 (“Yabuy Online”) whose main business consists of the operation of yabuy.com, an online auction website in the PRC. The Directors believe that there is a risk that the business of Yabuy Online may compete with those of the TOM Group.

Ms. Tong Mei Kuen, Tommei, an executive Director and chief financial officer of the Company, is a beneficial owner of less than 1% of the equity interest in Qin Jia Yuan Media Services Company Limited (“Qin Jia Yuan”) whose principal business engaged in the provision of media services in the PRC. The Directors believe that there is a risk that the business of Qin Jia Yuan may compete with those of the TOM Group.

Ms. Chang Pui Vee, Debbie, a non-executive Director, is a director of ChinaCare whose main business consists of healthcare related information technology, information and consulting services. ChinaCare had entered into a content provision agreement with LTWJi. The Directors are of the view that the provisions of IVR-related content by ChinaCare to LTWJi under the agreement is complementary to, and not in competition with, the business of provision of IVR services by LTWJi. The provision of IVR-related content by ChinaCare will only be in competition with LTWJi’s business if ChinaCare provides such content to other IVR services providers in the PRC. In this regard, Cranwood has undertaken, inter alia, to the Company that companies controlled by Cranwood will not in the PRC provide IVR-related content to the competitors of the TOM Group.

Save as disclosed above, none of the controlling shareholders and the Directors have any interests in a business which competes or may compete with the business of the TOM Group.

NON-COMPETITION UNDERTAKINGS

In connection with the Global Offering, the Company entered into a deed of non-competition with TOM Online (“Non-Competition Deed”). Under the Non-Competition Deed, amongst other things and subject to certain conditions:

- the Company undertakes to TOM Online that, without TOM Online’s prior written consent, the Company will not, and shall ensure that its subsidiaries will not, directly or indirectly, within the PRC engage in, invest in, carry on, participate in or have any interest in, any online activities that compete with TOM Online’s online business in the PRC (including its wireless value-added services, online advertising and commercial enterprise solutions);
- if the Company or any of its subsidiaries identifies or is offered by a third party any online business opportunity (i) within the PRC, then the Company or its subsidiary will give TOM Online a right of first refusal to such online business opportunity, and should TOM Online

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decline and its parent company or one of its subsidiaries chooses to engage in such business and subsequently dispose of its interest in the business created from such business opportunity, the Company shall give TOM Online a right of first refusal to acquire the Company's interest, which will expire on the fifth anniversary date of the deed of non-competition or (ii) outside the PRC, then TOM Online's parent company or its subsidiary will give TOM Online a right of first refusal to such online business opportunity; and

- as part of its principal businesses (comprising outdoor media, print media, sports and entertainment, and any other new business divisions that the Company may have from time to time) ("Business Divisions"), the TOM Group may continue to engage in certain online services ancillary to their Business Divisions (i.e. they serve to enhance their Business Divisions and/or are for informational purposes only) so long as:
 - (i) the revenue earned for the ancillary online services of any Business Division (excluding the online services provided through the Hong Kong Portal) will not exceed 10% of the total revenue earned from that division in the same financial year;
 - (ii) the revenue earned for the ancillary online services of all Business Divisions (including online services provided via the Hong Kong Portal) will not exceed 5% of the total revenue of the Company (but excluding the revenue attributed to TOM Online which is consolidated into the total revenue of the Company) in the same financial year; and
 - (iii) the revenue earned for the ancillary online services of all Business Divisions (including online services provided via the Hong Kong Portal) will not exceed 15% of the total revenue of TOM Online Group in the same financial year.

The Non-Competition Deed does not restrict the Company from undertaking, engaging in or otherwise interested in (i) businesses owned or operated by iTravel (HK) Limited, Shanghai Maya Online, Cernet Online, Cernet, ChinaPlus (Beijing) Company Limited, AASTOCKS.com Limited, Redsail, She Communications Limited and ECLink Shenzhen, (ii) any ISP business, any television or broadcasting business, audio-visual business or any investments in listed companies which engage in online activities (provided that the Company's interest does not exceed 5%), (iii) certain investment funds (provided that any such investment fund does not take a majority interest in any online investment and that such online investment shall not be operated by the Company) (iv) certain ancillary online services provided by the TOM Group (other than TOM Online and its subsidiaries (as defined under the Listing Rules) incidental to its business.

The Non-Competition Deed shall take effect on the date of listing of the shares of TOM Online on GEM and its ADSs on the NASDAQ National Market and will terminate on the later of (i) when the TOM Group cease to hold, directly or indirectly, 30% or more of TOM Online's issued share capital, (ii) when TOM Online's shares or ADSs are no longer listed on either GEM or NASDAQ and (iii) the second anniversary date of the Non-Competition Deed.

In addition, the Company has granted TOM Online call options exercisable within 3 years from the Listing Date which will allow TOM Online to acquire certain of its online businesses at a fair market price to be determined by an independent valuer to be appointed by the parties at the time of the exercise of the call option by TOM Online.

FUTURE PLANS AND PROSPECTS

FUTURE PLANS

The TOM Group is one of Greater China's leading Chinese language media companies, with exposure to multiple markets in the PRC, Hong Kong and Taiwan. Its diversified business mix allows it to leverage its media platform across its different business segments. In building its focused, cross-media platform, the TOM Group has established a strong position in each of its primary business segments, which positions the TOM Group well to capture further growth in the media industry in Greater China.

In order to continue to achieve growth and enhance the shareholders' value, the TOM Group expects to continue to pursue mergers and acquisitions opportunities and consider spinning off parts of its businesses to be held under a separate listed entity, as in the case of TOM Online.

The TOM Group intends to solidify its leading market position as one of the leading Chinese language media companies in Greater China and selectively pursue opportunities to expand its operations within Greater China. The TOM Group's strategy to accomplish this plan includes three main components:

- **Continue to build its cross-media platform through value-enhancing acquisitions**

The TOM Group is focused on continuously building a portfolio of media assets in Greater China and offering consumers and advertisers a wealth of content across multiple media platforms. Towards achieving this goal, the TOM Group is committed to pursuing a wide range of acquisition transactions, from direct acquisitions to investments ranging from minority equity holdings in strategic partners who have synergistic value to majority equity participation in small start-up companies.

As of December 2003, the TOM Group has acquired and invested in over 30 companies (which are accounted for as subsidiaries, associated companies, jointly controlled entities and investments of the Company) and joint ventures since it embarked on its focused media diversification strategy in 2000. The TOM Group's revenues increased by over 22 times to HK\$2,089 million in 2003 from HK\$89 million in 2000.

The TOM Group is constantly pursuing potential acquisitions and investments and is, at any given time, in discussions and negotiations with a number of potential targets and looking at a number of investment opportunities. There can be no certainty as to the outcome of such discussions and negotiations but it is possible that they may give rise to the announcement and/or completion of acquisitions or investments prior to the commencement of dealings in the Shares on the Main Board.

FUTURE PLANS AND PROSPECTS

- **Continue to focus on effectively integrating and streamlining acquired assets to capitalize upon potential synergies and improve operating efficiency**

The TOM Group has successfully managed its acquisition-based growth by developing integration as a core competency. Its integration process begins with enforcement of financial discipline. The TOM Group believes that financial discipline and sophisticated methods of financial management are a cost effective means of creating value in many of the businesses that it has acquired, particularly in the PRC. In parallel with financial discipline, the TOM Group develops common growth strategies, including process optimisation strategies such as maximising bargaining power across multiple products or business lines. Other stages of integration align key functions and corporate identity and drive synergies within the TOM Group.

- **Strengthen its operating platform and increase its scale through organic growth**

To promote organic growth, the TOM Group has a team focusing on penetrating key accounts and identifying cross-selling opportunities and synergies within the TOM Group's different distribution platforms to allow the sharing of content and promotion of services across multiple platforms. The cross-selling effort can be initiated from accounts at both the business unit and the corporate levels. As part of the TOM Group's organic growth strategy, it expends significant time and management attention both before and after each acquisition on integration issues and development of the acquired entities, including negotiating terms of initial restructuring, training, providing know-how and business support and creating new incentive structures for management and staff.

DIRECTORS AND STAFF

DIRECTORS

Executive Directors

Mr. Sing Wang, aged 40, is the chief executive officer of the Company and an executive Director. He is also the vice chairman of TOM Online. He is one of the most experienced private equity investors in Greater China. Prior to joining the Company, Mr. Sing Wang worked at Goldman Sachs (Asia) L.L.C., where he was an executive director where his principal responsibilities were in the direct investment area. He was also a manager at Wardley Direct Investment Management Ltd. (a subsidiary of the Hongkong and Shanghai Banking Corporation Limited) and a strategic consultant at McKinsey & Co. in Chicago. Mr. Sing Wang also worked for the Chinese Academy of Sciences immediately after he graduated from Yunnan University. Mr. Sing Wang graduated in 1982 from Yunnan University, PRC, with a Bachelor's degree in Science. In 1986 he received a Master of Science degree in Forestry and its Relation to Land Use and in 1989 with a Bachelor of Arts degree in Philosophy, Politics and Economics and an M.A. in 1996, all from Oxford University. Mr. Sing Wang was appointed an executive Director in July 2000.

Ms. Tong Mei Kuen, Tommei, aged 39, is the chief financial officer of the Company and an executive Director. She is also a non-executive director of TOM Online. Prior to joining the Company, she served as the chief financial officer and the chief operating officer of Ping An Insurance (Group) Company of China, Ltd. Before joining Ping An Insurance (Group) Company of China, Ltd., she was a partner of Arthur Andersen & Co. Ms. Tong graduated from the University of Hong Kong in 1986 with a Bachelor of Social Sciences degree. She is also a Fellow of both the Chartered Association of Certified Accountants in England and the Hong Kong Society of Accountants. Ms. Tong was appointed an executive Director in April 2003.

Non-executive Directors

Mr. Frank John Sixt, aged 52, is the chairman of the Company. He is group finance director of HWL and the chairman of TOM Online. He is also an executive director of CKI and Hongkong Electric Holdings Limited and a director of CKH, Hutchison Telecommunications (Australia) Limited, Husky Energy Inc. and Partner Communications Company Ltd. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and the Law Society of the Provinces of Quebec and Ontario, Canada. Mr. Sixt was appointed a non-executive Director in December 1999. Mr. Sixt devotes sufficient time and attention to the businesses of the TOM Group and discharges his duties and responsibilities as a Director principally through attendance of board and other meetings.

Ms. Chang Pui Vee, Debbie, aged 54, has been a non-executive Director since October 1999. She holds a Bachelor of Arts degree from Hunter College, New York City. She has been directing business development in the PRC for a number of years and is a director of Orient Overseas Developments Ltd. and Beijing Oriental Plaza Company Ltd. Ms. Chang is a member of the People's Consultative Party of Beijing, Eastern City District.

Mrs. Chow Woo Mo Fong, Susan, aged 50, has been a non-executive Director since October 1999. She is deputy group managing director of HWL and an alternate director to the Chairman of TOM Online. She is also an executive director of CKI, Hutchison Global Communications Holdings Limited

DIRECTORS AND STAFF

and Hutchison Harbour Ring Limited and a director of Hongkong Electric Holdings Limited and Partner Communications Company Ltd. She is a solicitor and holds a Bachelor's degree in Business Administration. Mrs. Chow devotes sufficient time and attention to the businesses of the TOM Group and discharges, her duties and responsibilities as Directors principally through attendance of board and other meetings.

Mr. Ip Tak Chuen, Edmond, aged 52, has been a non-executive Director since October 1999. He has been an executive director of CKH since 1993. He is also the deputy chairman of CKI and an executive director of CK Life Sciences Int'l., (Holdings) Inc. He holds a Master of Science degree in Business Administration and a Bachelor of Arts degree in Economics. Mr. Ip devotes sufficient time and attention to the businesses of the TOM Group and discharges his duties and responsibilities as Directors principally through attendance of board and other meetings.

Mrs. Lee Pui Ling, Angelina, aged 55, has been an independent non-executive Director since January 2000. She will be re-designated as a non-executive Director with effect from the Listing Date. She is a practising solicitor. She has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public service and currently serves on a number of statutory, advisory and appeal committees, including as a member of the Takeovers and Mergers Panel and a Deputy Chairman of the Takeovers Appeal Committee of the Securities and Futures Commission, a member of the Main Board Listing Committee and the GEM Listing Committee of the Stock Exchange, the Banking Advisory Committee of the Hong Kong Monetary Authority and the Town Planning Board. She is also a director of a number of other listed companies in Hong Kong.

Note: Currently, Mr. James Sha is a non-executive Director and Mrs. Lee Pui Ling, Angelina is an independent non-executive Director. Mr. Sha and Mrs. Lee will be re-designated as an independent non-executive Director and a non-executive Director respectively with effect from the Listing Date.

Mr. Holger Kluge, aged 62, has been a non-executive Director since January 2000. He was formerly president of Personal and Commercial Bank, CIBC, one of the largest financial services institutions in North America. He is also a director of Loring Ward International Inc., Husky Energy Inc., Hutchison Telecommunications (Australia) Limited and Hongkong Electric Holdings Ltd. He holds a Bachelor of Commerce degree and a Master's degree in Business Administration.

Mr. Wang Lei Lei, aged 31, has been a non-executive Director since December 2002. He is also the chief executive officer and executive director of TOM Online. Mr. Wang graduated in 1996 from the Electronic Engineering Department of Qinghua University with a Bachelor's degree in Electronic Technology and Information. Mr. Wang has a strong background in technology research and development. Prior to joining the Company, he served as president and general manager of Beijing Yan Cheng Zhi Science Company Ltd.

Independent non-executive Directors

Mr. Cheong Ying Chew, Henry, aged 56, has been an independent non-executive Director since January 2000. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. He is a director of certain other listed companies in Hong Kong. Mr. Cheong is a member of the Process Review Panel for the Securities and Futures Commission, a member of the GEM Listing Committee and the Main Board Listing Committee of the Stock Exchange, a member of the Derivatives Market Consultative Panel of the Hong Kong Exchanges and Clearing Limited and also a member of the Corporate Advisory Council of the Hong Kong Securities Institute.

DIRECTORS AND STAFF

He is registered and licensed by the Securities and Futures Commission to carry on regulated activities on dealing in securities; dealing in futures contracts; advising on securities; advising on corporate finance; and asset management. He has a strong background in analysing and reporting of financial statements and accounts of publicly listed companies in the Hong Kong, Singapore, Malaysia, Philippines, Thailand and Taiwan stock markets when he held positions during the period from 1973 to 1991 in the area of research or sales with W.I. Carr & Sons in London, Vickers da Costa & Co Hong Kong Ltd. and James Capel (Far East) Ltd. in Hong Kong. At latter part of the said period, he was managing the research and sales departments of Vickers da Costa & Co Hong Kong Ltd. and James Capel (Far East) Ltd. He is currently an executive director and chief executive officer of UOB Asia (Hong Kong) Limited a company primarily engages in corporate finance and related activities.

Ms. Wu Hung Yuk, Anna, aged 53, has been an independent non-executive Director since August 2003. She is a qualified solicitor. She holds a Bachelor of Laws degree and the Postgraduate Certificate in Laws from the University of Hong Kong. She is currently a non-executive director of the Securities & Futures Commission and a non-executive director of the Mandatory Provident Fund Schemes Authority. Previously she was the chairperson of the Equal Opportunities Commission, chairperson of the Operations Review Committee of the Independent Commission Against Corruption, chairperson of the Consumer Council and a member of the Legislative Council.

Mr. James Sha, aged 54, has been a non-executive Director since May 2000. He will be re-designated as an independent non-executive Director (See Notes) with effect from the Listing Date. He has held senior positions with a number of large Internet-related companies. Since November 1999, he has been a managing partner with Spring Creek Ventures, a partnership specialising in early stage venture investment and business consultation with Internet and infrastructure companies. He is currently serving on the board of directors of several start-up companies. His board memberships includes Appstream, Acela, Aduva, E21, LiveABC, Optoplex and Mediostream. He also served as the chief executive officer for Sina.com. Prior to that, he was the senior vice president, Commerce Solutions, at Netscape Communications. He has also held senior positions with Actra Business Systems, Oracle's UNIX Product Division and the Advanced Systems Division of Wyse Technology. He holds a Master of Science degree in Electronic Engineering and Computer Science from the University of California, Berkeley, a Master of Business degree from Santa Clara University and a Bachelor of Science degree in Electronic Engineering from Taiwan University.

Notes:

1. Currently, Mr. James Sha is a non-executive Director and Mrs. Lee Pui Ling, Angelina is an independent non-executive Director. Mr. Sha and Mrs. Lee will be re-designated as an independent non-executive Director and a non-executive Director respectively with effect from the Listing Date.
2. Mr. Sha is able to confirm his independence by reference to all the guidelines listed under Rule 3.13 of the Listing Rules except for the factor set out in Rule 3.13(7) by virtue of his appointment as an executive director of High Perform since April 2000. Such appointment was terminated on 18 June 2004. The independence of Mr. Sha is not affected in view of (i) High Perform is an immaterial subsidiary of the Company which has never had any substantial operations; (ii) resignation of Mr. Sha from his appointment as an executive director of High Perform prior to his appointment as an independent non-executive Director and Mr. Sha has not had any management function in the TOM Group; and (iii) apart from his annual director's fee as set out in Note 13 to the Accountants' Report on TOM Group set forth in Appendix I to this document and reimbursement of business related expenses by the TOM Group, he has not received any remuneration for such engagement other than being granted options for 15,000,000 Shares under the Share Option Scheme as disclosed in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" in Appendix IX to this document.

There is no family relationship between any of the Directors.

DIRECTORS AND STAFF

COMPANY SECRETARY

Ms. Mak Soek Fun, Angela, aged 40, is the head corporate general counsel and company secretary of the Company. She holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of New South Wales in Australia. She has been admitted as a solicitor in New South Wales (Australia), England and Wales and Hong Kong. Ms. Mak joined the Company in January 2000. Prior to joining the Company, she was a senior group legal counsel of HWL.

QUALIFIED ACCOUNTANT

The Company's executive director, Ms. Tong Mei Kuen, Tommei, is also the Company's qualified accountant. She is a Fellow of both the Chartered Association of Certified Accountants in England and the Hong Kong Society of Accountants.

SENIOR MANAGEMENT

Mr. Sing Wang is the chief executive officer of the Company. Please refer to the section headed "Directors – Executive Directors" above for his further details.

Ms. Tong Mei Kuen, Tommei is the chief financial officer of the Company. Please refer to the section headed "Directors – Executive Directors" above for her further details.

Mr. Ekkehard Rathgeber, aged 39, is the chief operating officer of the Company. He is also the chief executive officer of the Company's China Publishing Business and senior vice president of TOM Publishing Group, a division of the Company. Mr. Rathgeber was formerly a director of Bertelsmann Direct Group and the president of Bertelsmann Direct Group Asia. He has over 10 years' experience of the publishing industry and media distribution gained in both Europe and Asia. Mr. Rathgeber holds a Master degree in Corporate Management from Coblenz University in Germany.

Ms. Mak Soek Fun, Angela is the head corporate general counsel and company secretary of the Company. Please refer to the section headed "Company Secretary" above for her further details.

Mr. Sing Wang and **Ms. Tong Mei Kuen, Tommei**, being all the executive Directors are full-time employees of the Company. As executive directors and full-time employees, Mr. Sing Wang and Ms. Tong Mei Kuen, Tommei devotes substantial time and attention to the businesses and day-to-day management of the Company. The executive Directors and senior management of the Company have been delegated by the Board the responsibility to manage the day-to-day operations of the Company.

DIRECTORS' REMUNERATION

Each of Mr. Sing Wang and Ms. Tong Mei Kuen, Tommei, being all the executive Directors, has entered into a continuous service contract with the TOM Group commencing from 1 June 2000 in the case of Mr. Sing Wang and 17 March 2003 in the case of Ms. Tong Mei Kuen, Tommei. Mr. Wang, being a non-executive Director, has also entered into a continuous service contract with TOM Online commencing from 1 January 2004. The terms of the contracts with Mr. Sing Wang and Ms. Tong Mei Kuen, Tommei are continuous unless terminated by not less than three months' notice in writing served by either party

DIRECTORS AND STAFF

on the other. The term of the contract with Mr. Wang is fixed at three years and thereafter will be continuous unless terminated by not less than three months' notice served by either party on the other. Each of the Directors is entitled to the basic salary set out below (subject to review in December of each year).

In addition, Mr. Sing Wang and Ms. Tong Mei Kuen, Tommei are entitled to a bonus payable for each twelve month period at the discretion of the Board. Mr. Wang is also entitled to an annual bonus payable for each twelve month period completed by him commencing on 1st January of each calendar year immediately following the date he entered into his service contract. The amount of the bonus for Mr. Wang shall be determined at the discretion of the board of directors of TOM Online. Each of Mr. Sing Wang, Ms. Tong Mei Kuen, Tommei and Mr. Wang is entitled to certain allowances, medical benefits and reimbursement of all reasonable out of pocket expenses. Neither of the above Directors is entitled to vote on the relevant board resolutions relation to any bonus payable to him or her. The current basic annual salaries of the above Directors are as follows:

Mr. Sing Wang	HK\$2,768,016
Ms. Tong Mei Kuen, Tommei	HK\$1,502,040
Mr. Wang	HK\$1,053,919

The aggregate amount of compensation paid by the TOM Group to the Directors for the three years ended 31 December 2001, 2002 and 2003 was HK\$16,231,000; HK\$13,346,000 and HK\$32,185,000 respectively.

The following Directors were also among the TOM Group's five highest paid individuals during the Relevant Period:

For the year ended

31 December	Name of Directors
2001	Mr. Sing Wang, Ms. Leung Quan Yue, Michelle and Mr. Guy Look
2002	Mr. Sing Wang, Mr. Lee Kwok Ming, Don and Ms. Leung Quan Yue, Michelle
2003	Mr. Sing Wang and Ms. Tong Mei Kuen, Tommei

The aggregate amount of bonuses paid or receivable by the Directors during the three years ended 31 December 2001, 2002 and 2003 were HK\$5,685,000; HK\$3,789,000 and HK\$23,038,000 respectively.

The aggregate amount of salaries, housing allowances, other allowances and benefits in kind paid by us to the TOM Group's five highest paid individuals during the three years ended 31 December 2001, 2002 and 2003 were approximately HK\$22,758,000; HK\$22,098,000 and HK\$39,835,000 respectively.

Save as disclosed, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2001, 2002 and 2003 by the TOM Group to the Directors.

DIRECTORS AND STAFF

AUDIT COMMITTEE

The Company has established an audit committee in January 2000. Written terms of reference in compliance with the Listing Rules, has been adopted for the audit committee.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the TOM Group. The audit committee is currently comprised of an executive Director namely Ms. Tong Mei Kuen, Tommei, three independent non-executive Directors, namely Mrs. Lee Pui Ling, Angelina who will be re-designated as a non-executive Director with effect from the Listing Date, Mr. Cheong Ying Chew, Henry, and Ms. Wu Hung Yuk, Anna. The audit committee is currently chaired by Mrs. Lee Pui Ling, Angelina.

With effect from the Listing Date, Ms. Tong Mei Kuen, Tommei will cease to be a member of the audit committee, Mrs. Lee Pui Ling, Angelina will cease to be the chairman of the audit committee, Mr. James Sha, currently a non-executive Director who will be re-designated as an independent non-executive Director with effect from the Listing Date, will be appointed as a member of the audit committee and Mr. Cheong Ying Chew, Henry will be appointed as the chairman of the audit committee.

REMUNERATION COMMITTEE

The Company has established a remuneration committee for the purpose of administering the Pre-IPO Share Option Plan and the Share Option Scheme. It will also administer the Proposed Share Option Scheme if and when adopted by the Company in connection with the Introduction for compliance with the Listing Rules.

The remuneration committee is currently comprised of two executive Directors namely Mr. Sing Wang and his alternate Ms. Tong Mei Kuen, Tommei, four non-executive Directors namely Mr. Frank John Sixt, his alternate, Mrs. Chow Woo Mo Fong, Susan, Ms. Chang Pui Vee, Debbie and Mrs. Lee Pui Ling, Angelina and one independent non-executive Director, Mr. Cheong Ying Chew, Henry.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, the following are persons (who are not Directors) (i) who had an interest or a short position in Shares or underlying Shares which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, (ii) who had direct or indirect interest of 10% or more in the issued share capital of the Company:

Shareholders	Capacity	Number of Shares held	% of shareholding interest of Company
Mr. Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Li Ka-Shing Unity Trustee Corporation Limited (<i>as trustee of The Li Ka-Shing Unity Discretionary Trust</i>)	Trustee & beneficiary of a trust	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Li Ka-Shing Unity Trustcorp Limited (<i>as trustee of another discretionary trust</i>)	Trustee & beneficiary of a trust	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Li Ka-Shing Unity Trustee Company Limited (<i>as trustee of The Li Ka-Shing Unity Trust</i>)	Trustee	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) (Note 1)	12.25%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) (Note 1)	12.25%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) (Note 1)	12.25%
Romefield Limited	Beneficial owner	476,341,182 (L) (Note 1)	12.25%

SUBSTANTIAL SHAREHOLDERS

Shareholders	Capacity	Number of Shares held	% of shareholding interest of Company
Hutchison Whampoa Limited	Interest of a controlled corporation	952,683,363 (L) (Note 2)	24.49%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) (Note 2)	24.49%
Easterhouse Limited	Beneficial owner	952,683,363 (L) (Note 2)	24.49%
Ms. Chau Hoi Shuen	Interest of controlled corporations	952,683,363 (L) (Note 3)	24.49%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	952,683,363 (L) (Note 3)	24.49%
Schumann International Limited	Beneficial owner	580,000,000 (L) (Note 3)	14.91%
Handel International Limited	Beneficial owner	348,000,000 (L) (Notes 3 & 4)	8.95%

(L) denotes long position

Notes:

- (1) Romefield Limited is a wholly-owned subsidiary of Sunnyslink Enterprises Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Holdings (China) Limited. Cheung Kong Holdings (China) Limited is a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of Cheung Kong (Holdings) Limited.

By virtue of the SFO, Cheung Kong Investment Company Limited, Cheung Kong Holdings (China) Limited and Sunnyslink Enterprises Limited are all deemed to be interested in the 476,341,182 shares of the Company held by Romefield Limited.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited. Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, together with certain companies which Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 hold units in The Li Ka-Shing Unity Trust.

- (2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of Hutchison Whampoa Limited. By virtue of the SFO, Hutchison Whampoa Limited and Hutchison International Limited are deemed to be interested in the 952,683,363 shares of the Company held by Easterhouse Limited.

SUBSTANTIAL SHAREHOLDERS

In addition, subsidiaries of Cheung Kong (Holdings) Limited are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of Hutchison Whampoa Limited. By virtue of the SFO, Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Li Ka-Shing Unity Trustee Corporation Limited, Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited and Cheung Kong (Holdings) Limited are all deemed to be interested in the 476,341,182 shares of the Company and 952,683,363 shares of the Company held by Romefield Limited and Easterhouse Limited respectively.

- (3) Schumann International Limited and Handel International Limited are companies controlled by Cranwood Company Limited and Ms. Chau Hoi Shuen is entitled to exercise more than one-third of the voting power at the general meetings of Cranwood Company Limited.

By virtue of the SFO, Cranwood Company Limited is deemed to be interested in the 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Schumann International Limited and Handel International Limited respectively in addition to 24,683,363 shares of the Company held by itself.

By virtue of the SFO, Ms. Chau Hoi Shuen is deemed to be interested in 24,683,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Cranwood Company Limited, Schumann International Limited and Handel International Limited respectively.

- (4) Pursuant to the stock borrowing agreements each dated 6 November 2003, Handel International Limited has lent an aggregate of 30,588,236 shares to two financial institutions.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person or corporation (who are not Directors) (i) who had an interest or short position in Shares or underlying Shares which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or (ii) who had direct or indirect interest of 10% or more of the issued share capital of the Company.

The Company has been listed on GEM since March 2000 and has been carrying on its business independently of its controlling shareholders (as defined in the Listing Rules) since its listing on GEM. The Directors are therefore satisfied that the Company is capable of carrying on its business independently of its controlling shareholders after the listing of its Shares on the Main Board.

CONTROLLING SHAREHOLDERS

CKH who, together with HWL and their respective wholly-owned subsidiaries Romefield and Easterhouse are the Company's controlling shareholders. As at the Latest Practicable Date, Romefield and Easterhouse are beneficially interested in Shares representing 12.25% and 24.49% of the issued share capital of the Company respectively.

UNDERTAKINGS

Each of Romefield and Easterhouse has undertaken with the Company and the Stock Exchange that, save as permitted under the Listing Rules:

- (a) for a period commencing on the date of this document and ending on the date which is six months from the date on which dealings in the Shares on the Main Board first commence (the "First Six-Month Period"), it will not dispose of (or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of) any of the Shares which it is shown by this document to be the beneficial owner;

SUBSTANTIAL SHAREHOLDERS

- (b) for a period of six months commencing on the date on which the First Six-Month Period expires (the “Second Six-Month Period”), it will not dispose of (or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of) any of the Shares which it is shown by this document to be the beneficial owner if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, CKH would (through its indirect shareholdings in HWL, Romefield and Easterhouse) cease to be a controlling shareholder of the Company (as defined under the Listing Rules); and

Each of CKH and HWL has undertaken with the Company and the Stock Exchange that, save as permitted under the Listing Rules:

- (a) for a period commencing the First Six-Month Period, it will procure Romefield or Easterhouse (as the case may be) not to dispose of (or to enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of) any of the Shares which Romefield or Easterhouse (as the case may be) is shown by this document to be the beneficial owner;
- (b) for the the Second Six-Month Period, it will procure Romefield or Easterhouse (as the case may be) not to dispose of (or to enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of) any of the Shares which Romefield or Easterhouse (as the case may be) is shown by this document to be the beneficial owner if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, CKH would (through its indirect shareholdings in HWL, Romefield and Easterhouse) cease to be a controlling shareholder of the Company (as defined under the Listing Rules);
- (c) for the First Six-Month Period, it will not dispose of (or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of), nor permit the registered holder to dispose of (or to enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of) its direct or indirect interests in Romefield or Easterhouse (as the case may be); and
- (d) for the Second Six-Month Period, it will not dispose of (or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of), nor permit the registered holder to dispose of (or to enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of) its direct or indirect interests in Romefield or Easterhouse (as the case may be) if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, CKH would (through its indirect shareholdings in HWL, Romefield and Easterhouse) cease to be a controlling shareholder of the Company (as defined under the Listing Rules).

SUBSTANTIAL SHAREHOLDERS

Each of CKH, HWL, Romefield and Easterhouse has further undertaken with the Stock Exchange and the Company that for the First Six-Month Period and the Second Six-Month Period, it will :

- (a) when Romefield or Easterhouse (as the case may be) pledges/charges any Shares which Romefield or Easterhouse (as the case may be) is shown by this document to be the beneficial owner in favour of an authorised institution as permitted under the Listing Rules, immediately inform the Company of such pledge/charge together with the number of Shares so pledged/charged; and
- (b) when Romefield or Easterhouse (as the case may be) receives indications, either verbal or written, from the pledgee/chargee that any of the pledged/charged Shares will be disposed of, immediately inform the Company of such indications.

The Company must inform the Stock Exchange as soon as it has been informed of matters referred to in the immediate preceding paragraph by CKH, HWL, Romefield or Easterhouse, and disclose such matters by way of an announcement which is published in the newspapers as soon as possible.

SHARE CAPITAL

SHARE CAPITAL

(i) Shares

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares	<u>500,000,000</u>
<i>Issued:</i>		<i>HK\$</i>
<u>3,889,413,365</u>	Shares	<u>388,941,336.50</u>

As at the Latest Practicable Date, all the existing Shares rank pari passu in all respects including as to dividends, voting and interests in capital.

(ii) Convertible Bonds

On 28 November 2003, TOM Holdings, a wholly-owned subsidiary of the Company, issued the Convertible Bonds in the aggregate principal amount of US\$150,000,000. The Convertible Bonds, bearing interest at the rate of 0.50% per annum, are convertible into Shares at an initial conversion price of HK\$3.315 per Share (subject to adjustment) from and including 8 January 2004 up to the close of business on 14 November 2008. The Convertible Bonds were listed on the Luxembourg Stock Exchange on 28 November 2003.

As at the Latest Practicable Date, no Convertible Bonds have been converted into Shares. Based on the initial conversion price of HK\$3.315 per Share, the Convertible Bonds are convertible into a maximum of 352,941,176 Shares.

(iii) Outstanding Shares to be issued

Under certain acquisition contracts, some members of the TOM Group have agreed to procure the issue of Shares upon and subject to the respective terms and conditions of those contracts. Shares may be required to be issued by the Company to satisfy all or part of the consideration or any adjustment thereof or to satisfy any amount payable to reward the other party according to the profit threshold of the relevant investment acquired. Further information can be found in the section headed “Summary of outstanding Shares to be issued by the TOM Group” in Appendix VII to this document.

SHARE CAPITAL

SHARE OPTION SCHEMES

The TOM Group has adopted the Pre-IPO Share Option Plan and the Share Option Scheme whereby employees and directors of the TOM Group and certain other eligible persons may be granted options to subscribe for Shares. As at the Latest Practicable Date, options to subscribe for an aggregate of 209,397,000 Shares pursuant to the Pre-IPO Share Option Plan and the Share Option Scheme were outstanding. In connection with the Introduction and in order to comply with the provisions of the Listing Rules, the Company will, subject to the approval of the Shareholders at the Extraordinary General Meeting, adopt the Proposed Share Option Scheme to replace the Share Option Scheme upon the listing of the Shares on the Main Board. The principal terms of the Pre-IPO Share Option Plan, the Share Option Scheme and the Proposed Share Option Scheme are summarised under the sections headed “Summary of the terms of the Pre-IPO Share Option Plan”, “Summary of the terms of the Share Option Scheme” and “Summary of the principal terms of the Proposed Share Option Scheme” respectively in Appendix IX of this document.

Any issue of Shares pursuant to the above will dilute the holdings of Shares by existing Shareholders. Such dilution would not be significant based on the basic earnings per Share of the Company for 2003 (being HK0.35 cent) as it would remain substantially the same at HK0.35 cent after adjusting for the effects of dilution assuming all the outstanding share options granted by the Company had been exercised at the date of issuance and the consideration shares to be issued by the Company for the acquisition of subsidiaries had been issued at the date of acquisition (thereby increasing the weighted average number of Shares in issue during the year from 3,583,805,272 Shares to 3,606,757,274 Shares). Since all potential Shares arising from any conversion of the Convertible Bonds would increase profit attributable to Shareholders per Share as a result of the savings on the interest and redemption premium payable and amortisation of borrowing costs, the effects of anti-dilution in relation to such conversion have not been taken into account in calculating the diluted earnings per Share. The exercise of share options granted by the Company would have an anti-dilutive effect on the loss per Share for the years ended 31 December 2001 and 2002. Please refer to Note 11 to the “Accountants’ Report on TOM Group” in Appendix I to this document.

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES

At the Company’s annual general meeting held on 26 April 2004, the Directors were granted general unconditional mandates to:

- (i) allot, issue and deal with additional Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution on 26 April 2004;
- (ii) repurchase such number of Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution on 26 April 2004; and
- (iii) extend the general mandate granted to the Directors to allot, issue and deal with additional Shares as mentioned in paragraph (i) above by the amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the general mandate granted to the Directors as mentioned in paragraph (ii) above.

The above general mandates do not apply to situations where the Directors allot, issue or deal with Shares under (i) a rights issue; (ii) a scrip dividend scheme or similar arrangement; or (iii) the exercise of rights of subscription or conversion of existing securities of the Company which carry rights to subscribe for or convertible into Shares.

These general mandates will expire:

- (i) at the end of the Company’s next annual general meeting; or

SHARE CAPITAL

- (ii) at the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Articles of Association to be held; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

GRANT OF NEW GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

The Directors are of the view that the general mandates to issue Shares and repurchase Shares referred to above cater for the Shares being listed on GEM. In light of the Introduction to the Main Board, the Directors propose to seek the approval of the Shareholders at the Extraordinary General Meeting to grant the Directors new general mandates to issue Shares and repurchase Shares. The new general mandates have similar terms to the existing general mandates save that:

- (i) the new general mandates cater for the situation that the Shares are listed on GEM or the Main Board;
- (ii) the maximum aggregate nominal amount of the Shares that may be issued and repurchased under the new general mandates will be determined on the basis of the aggregate nominal amount of the Shares in issue as at the end of the Extraordinary General Meeting (instead of the date of the last annual general meeting of the Company which was on 26 April 2004); and
- (iii) the new general mandates will supersede the existing general mandates.

The Directors do not have any present intention to exercise such general mandates prior to the Listing Date. Please refer to the circular of the Company dated 29 June 2004 for further details of the new general mandates.

Company – Issued and fully paid

	Ordinary shares of HK\$0.10 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2002	3,277,645,808	327,765
Issuance of Shares	44,220,150	4,422
At 31 December 2002	3,321,865,958	332,187
At 1 January 2003	3,321,865,958	332,187
Issuance of Shares (<i>Note (a) and (b)</i>)	556,395,859	55,640
At 31 December 2003	3,878,261,817	387,827

Note:

- (a) On 30 January, 14 May, 30 May, 24 July, 31 July, 15 September, 16 September, 14 November and 28 November 2003, 13,101,798; 4,332,312; 6,736,576; 28,346,808; 1,319,998; 21,250,000; 9,736,888; 18,432,542 and 3,138,937 Shares were allotted and booked at prices ranging between HK\$2.1 and HK\$4.039 per Share, which were the fair value calculated based on the average closing price quoted on the Stock Exchange for the calendar month immediately prior to the date of acquisition or the closing price quoted on the Stock Exchange at the date of acquisition, where applicable, as part of the considerations for the acquisition of subsidiaries, respectively.
- (b) On 8 July 2003, 450,000,000 Shares were allotted and issued to Independent Third Parties at a price of HK\$2.3 each pursuant to a placing and subscription agreement.

FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the TOM Group's consolidated financial statements and historical consolidated financial data, in each case together with the accompanying notes. See Accountants' Report on TOM Group in Appendix I and First Quarterly Report 2004 on TOM Group in Appendix II to this document. The TOM Group's actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed in the sections entitled "Risk Factors" and "Business" and elsewhere in this document.

For the purposes of this section, unless the context otherwise requires, references to "2001", "2002" and "2003" refer to the TOM Group's financial year ended 31 December of such year.

Overview

The TOM Group is one of Greater China's leading Chinese language media companies, engaged in the business of distributing multimedia products and services through various platforms in Greater China, comprising the PRC, Hong Kong and Taiwan.

The TOM Group reports its results in five business segments: Internet Group, Outdoor Media Group, Publishing Group, Sports Group and Television and Entertainment Group. The Internet Group, the Outdoor Media Group, the Publishing Group, the Sports Group and the Television and Entertainment Group contributed approximately 28 per cent., 14 per cent., 37 per cent., 12 per cent. and 9 per cent., respectively of the TOM Group's total revenues for 2003.

The TOM Group incurred losses of HK\$635.9 million and HK\$409.6 million in 2001 and 2002 respectively, but achieved a profit of HK\$12.6 million in 2003. The losses in 2001 and 2002 were mainly attributable to losses from the Internet Group as a result of the weakened market conditions during those periods. Along with the improvement in the market conditions for the Internet and related industries during 2002 and 2003, the Internet Group capitalised on the opportunity to transform from the original Internet portal into a diversified distribution platform offering a full range of wireless multimedia products and services to the mobile customers throughout the PRC. As a result, the performance of the Internet Group improved significantly, turning around from a loss-making position in 2001 and 2002 to becoming the most profitable segment within the TOM Group in 2003. In addition, the turnaround in 2003 was also attributable to the acquisitions of profitable businesses injected into the Outdoor Media Group, the Publishing Group and the Sports Group, as well as the improvement in performance resulting from full operational integration and stabilisation of the acquired businesses.

Critical accounting policies

Preparation of the individual and consolidated financial statements requires the Company to make estimates and judgments in applying its critical accounting policies which have a significant impact on the consolidated results of the TOM Group reported in its consolidated financial statements. The Company bases its estimates on historical experience and other assumptions which it believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. The Company has identified below the accounting policies that are most critical to its consolidated financial statements.

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Revenue recognition

The TOM Group recognises its revenue from the sales of services when the services are rendered. Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Interest income is recognised on a time proportion basis taking into account the principal amounts outstanding and the effective interest rates applicable. In particular, the bases of recognition of revenue of individual divisions of the TOM Group are as follows:

Internet Group Revenue in respect of the provision of wireless value-added services is recognised when the service is rendered and based on the gross amount billed to the end customers. Advertising revenue is recognised at the time when the relevant advertisements are displayed on the websites or when a specific number of website impressions are delivered. Service fees for the provision of commercial enterprise solutions and Internet access are recognised when the relevant services are rendered to the customers.

Outdoor Media Group Advertising revenue is recognised at the time when the relevant advertisements are displayed on the outdoor media assets (e.g. signboards and unipoles). Service fees for the provision of outdoor media services are recognised when the relevant services are rendered to the customers.

Publishing Group Revenue from the sales of books and magazines to the distributors is recognised as based on the gross amount billed upon the delivery of the books and magazines, net of estimated sales returns. Subscription fees of magazines received from subscribers are not recognised until the respective issue is published and delivered to the subscribers. Advertising revenue is recognised when the relevant advertisements are displayed on the publications.

Sports Group Service fees for event organisation are recognised when the relevant services as set out in the respective service agreement are rendered. Advertising and sponsorship revenue is recognised when the advertisements and the sponsorship products are displayed during the relevant functions of the sports events.

Television and Entertainment Group Revenue from the sales of airtime is recognised on the actual executed portion according to media schedule. Revenue from the sales of audio-visual products is recognised when the products are delivered to the customers.

Goodwill

For each acquisition made by the TOM Group, the TOM Group recognises the consideration as set out in the respective sale and purchase agreement when the amount of consideration is probable and can be reliably estimated. The excess between the cost of investments, including the consideration and the incidental costs in relation to the acquisition transaction, and the fair value of the TOM Group's share of the net assets of the acquired subsidiary, jointly controlled entity or associated company at the date of acquisition is classified as goodwill.

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Goodwill is capitalised on the consolidated balance sheet and is amortised on a straight-line basis over the economic useful lives of the businesses being acquired, subject to a maximum period of 20 years, being the maximum useful life allowed under generally accepted accounting principles in Hong Kong.

Impairment of assets

At each balance sheet date, the impairment of each tangible and intangible asset of the TOM Group is assessed. The TOM Group will first consider whether there are external or internal factors indicating potential impairment. If such indication exists, the recoverable amount of the relevant asset, being the higher of net realisable value or the value in use, is estimated. The excess of carrying value over the estimated recoverable amount of the relevant asset is the amount impaired.

The impairment loss will be charged as an expense to the profit and loss account.

Factors affecting results of operations

The TOM Group's results of operations and the period-to-period comparability of its financial results are affected by a number of factors, including such factors referred to in the section headed "Risk Factors" of this document.

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CONSOLIDATED RESULTS OF OPERATIONS

The following discussion is a summary of the audited consolidated results of the TOM Group for each of the years in the Relevant Period and unaudited consolidated results for the three months ended 31 March 2003 and 2004. The consolidated results of the TOM Group for the three years ended 31 December 2003 have been extracted from the Accountants' Report on TOM Group and the consolidated results of the TOM Group for the three months ended 31 March 2003 and 2004 have been extracted from the published unaudited quarterly report for the three months ended 31 March 2004 respectively. As a result of the factors discussed above, such results of operations may not be indicative of the TOM Group's future operating performance.

	Year ended 31 December			Three months ended 31 March	
	2001	2002	2003	2003	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover (<i>Note 1</i>)	626,624	1,624,126	2,089,234	428,294	514,534
Cost of sales	(479,292)	(1,008,400)	(1,202,730)	(276,075)	(282,516)
Interest income	23,069	5,867	14,097	626	15,972
Selling and marketing expenses	(86,890)	(170,205)	(191,394)	(44,275)	(52,795)
Administrative expenses	(127,186)	(235,174)	(216,552)	(47,399)	(61,322)
Other operating expenses	(186,917)	(322,406)	(400,306)	(92,850)	(97,811)
Operating (loss)/profit	(230,592)	(106,192)	92,349	(31,679)	36,062
Finance costs	(1,395)	(19,079)	(19,919)	(4,980)	(7,568)
Deemed disposal gain	–	–	–	–	873,367
Provision for impairment of assets	(330,476)	(197,108)	–	–	(82,731)
Provision for contracts termination	–	–	–	–	(134,315)
Provision for other receivables	–	–	–	–	(22,476)
Restructuring costs	(8,527)	–	–	–	–
Share of losses of jointly controlled entities	(35,856)	(29,585)	(6,387)	(2,598)	(295)
Share of profits less losses of associated companies	(3,164)	20	1,823	308	120
(Loss)/profit before taxation	(610,010)	(351,944)	67,866	(38,949)	662,164
Taxation	(18,692)	(29,080)	(12,399)	(3,926)	(9,391)
(Loss)/profit after taxation	(628,702)	(381,024)	55,467	(42,875)	652,773
Minority interests	(7,185)	(28,555)	(42,869)	18	1,120
(Loss)/profit attributable to shareholders	(635,887)	(409,579)	12,598	(42,857)	653,893
(Loss)/earnings per share					
– Basic (<i>Note 2</i>)	HK(19.78) cents	HK(12.41) cents	HK0.35 cent	HK(1.29) cents	HK16.86 cents
– Diluted	N/A	N/A	HK0.35 cent	N/A	HK15.49 cents

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Notes:

1. The principal activity of the Company is investment holding. The turnover recognised during the Relevant Period and the three months ended 31 March 2003 and 2004 are derived from (i) the provision of wireless value-added services, online advertising, commercial enterprise solutions and Internet access; (ii) advertising sales of outdoor media assets and provision of outdoor media services; (iii) magazine and book circulation, sales of publication advertising and other related products; (iv) event organisation, advertising and sponsorship sales in relation to sports event programmes; and (v) advertising sales in relation to satellite television channel operations and sales of audio-visual products.
2. The calculation of basic earnings per Share is based on loss/profit attributable to shareholders of approximately a loss of HK\$635,887,000 for 2001, a loss of HK\$409,579,000 for 2002, a profit of HK\$12,598,000 for 2003, and a loss of HK\$42,857,000 and a profit of HK\$653,893,000 for the three months ended 31 March 2003 and 2004, respectively, and the weighted average number of 3,215,055,403, 3,301,115,146 and 3,583,805,272 Shares in issue during each of the years in the Relevant Period and 3,330,746,066 and 3,878,261,817 Shares in issue during the three months ended 31 March 2003 and 2004, respectively.

Review of past performance

The three months ended 31 March 2004 compared with the three months ended 31 March 2003

Turnover The TOM Group's revenue for the three months ended 31 March 2004 amounted to approximately HK\$515 million, a 20 per cent. increase in revenue over the corresponding period in 2003.

Revenue mix The Internet Group was the largest revenue contributor at 41 per cent., with the Publishing Group contributing 39 per cent. and the Outdoor Media Group, the Sports Group and the Television and Entertainment Group each contributing 15 per cent., 4 per cent. and 1 per cent. respectively. In line with the TOM Group's geographical focus, revenue generated in the PRC represented 60 per cent. of total revenue, while operations in Taiwan and Hong Kong contributed 36 per cent. and 4 per cent. respectively.

Operating expenses The increase in operating expenses in the three months ended 31 March 2004 as compared to corresponding period in 2003 reflects the expansion in the TOM Group's businesses as the TOM Group continues to build and grow in each of the sectors the TOM Group operates in and the effect of consolidating the results of CETV which was acquired in September 2003.

Operating profit The TOM Group achieved an operating profit of approximately HK\$36 million for the three months ended 31 March 2004, significantly improved from an operating loss of approximately HK\$32 million in the corresponding period in 2003. The operating profit was a result of growth in higher margin revenue base and the improvement in gross profit margin from approximately 36 per cent. in the three months ended 31 March 2003 to approximately 45 per cent. in the three months ended 31 March 2004.

Deemed disposal gain On 10 March and 11 March 2004, the shares of TOM Online, previously a wholly-owned subsidiary of the Company, were listed and traded on the National Market of NASDAQ, U.S.A. and GEM, Hong Kong (the "Online Global Offering"), respectively. As a result of the Online Global Offering, the Company's shareholding in TOM Online has been diluted to 71.86%, which resulted in a gain of approximately HK\$873 million arising from this deemed disposal.

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Provision for impairment of assets This represented provision of goodwill and fixed assets as a result of certain internal restructuring initiatives in connection with the TOM Group's operations. Among which, a provision of approximately HK\$47 million has been made for impairment of goodwill arising from the acquisition of a subsidiary engaged in the audio-visual products distribution business. In addition, the subsidiary has been excluded from consolidation since 1 January 2004 as the Group has ceased to have the ability to control or significantly influence the subsidiary's operations.

Provision for contracts termination In preparation for digitising CETV's transmission and distribution platform later in 2004, CETV entered into a digital service contract in March 2004. Included in the provision for contracts termination is a one-time charge of approximately HK\$109 million for the early termination of CETV's analogue transponder agreement.

Profit attributable to shareholders The TOM Group has achieved a profit attributable to shareholders of approximately HK\$654 million in the three months ended 31 March 2004 as compared to a loss of approximately HK\$43 million in the corresponding period in 2003. The significant changes were primarily attributable to improved gross profit margin and the deemed disposal gain of approximately HK\$873 million, which was partly offset by one-time provisions of approximately HK\$240 million.

2003 compared with 2002

Turnover The TOM Group's revenue for 2003 amounted to approximately HK\$2,089 million, a 29 per cent. increase from approximately HK\$1,624 million in 2002.

Revenue mix The Publishing Group was the largest revenue contributor at approximately 37 per cent., with the Internet Group contributing approximately 28 per cent. and the Outdoor Media Group, the Sports Group and the Television and Entertainment Group each contributing approximately 14 per cent., approximately 12 per cent. and approximately 9 per cent. respectively. In line with the TOM Group's geographical focus, revenue generated in the PRC represented approximately 58 per cent. of total revenue, while operations in Taiwan and Hong Kong contributed approximately 34 per cent. and approximately 8 per cent. respectively.

Operating expenses The increase in operating expenses in 2003 reflects the expansion in the TOM Group's businesses as the TOM Group continues to build and grow in each of the sectors the TOM Group operates in and the effect of full year consolidation of acquisitions made during 2002. Consolidation of the operating results of CETV since mid September 2003 also contributed to the increase. Costs re-engineering initiatives are being implemented aiming to refine CETV's cost structure.

The TOM Group's operating expenses as a percentage of revenue reduced from approximately 45 per cent. to approximately 39 per cent., reflecting its continuous efforts in cost rationalisation, with tighter budgetary control, reallocation of resources to increase efficiencies in office, sales and marketing expenses. Headquarter related expenses decreased by approximately 5 per cent. Overall, a well-managed and competitive cost base has been established to promote further revenue growth.

Operating profit The TOM Group achieved an operating profit of approximately HK\$92 million, significantly improved from an operating loss of approximately HK\$106 million in 2002. The operating profit was a result of growth in higher margin revenue base. In particular, the growth in wireless value-added services was the main contributor. The improvement was also attributable to continued cost

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discipline. Operating expenses fell as a percentage of revenue by 6 percentage point in 2003. In addition, gross profit margin improved from approximately 38 per cent. in 2002 to approximately 42 per cent. in 2003.

Impairment of assets As at 31 December 2003, the TOM Group's management performed an assessment of the carrying value of all non-current assets, including goodwill. Taking into account both internal and external factors in relation to the performance of these assets, it was considered that the carrying values were not impaired. As a result, no impairment of assets was recognised in 2003. The provision for impairment of assets arisen in 2002 and 2001 were primarily related to the loss-making Internet businesses and two Maya companies acquired in previous years.

Share of results of jointly controlled entities and associated companies The TOM Group's share of losses of jointly controlled entities decreased from approximately HK\$29.6 million in 2002 to approximately HK\$6.4 million in 2003. This improvement was led by the jointly controlled entities within the Internet Group, and was primarily due to the reclassification of Maya Online from a jointly controlled entity to an investment security since October 2002, as a result of loss of significant influence. Since then, the results of Maya Online was not equity accounted for. The TOM Group's share of profits from associated companies increased from approximately HK\$20,000 in 2002 to HK\$1.8 million in 2003, which was mainly attributed to the turnaround of an Internet operation in Hong Kong.

Profit attributable to shareholders The TOM Group has achieved its first profit attributable to shareholders of approximately HK\$13 million, compared to a loss of approximately HK\$410 million in 2002. This significant improvement primarily stems from the outstanding performance of the TOM Group's Internet business, which turned from a segment loss of approximately HK\$91 million in 2002 to a segment profit of approximately HK\$133 million in 2003.

2002 compared with 2001

Turnover The TOM Group's turnover for 2002 amounted to approximately HK\$1,624 million, a 159 per cent. increase from approximately HK\$627 million in 2001.

Revenue mix The Publishing Group was the largest revenue contributor at approximately 46 per cent., with the Sports Group and the Television and Entertainment Group contributing approximately 19 per cent. and approximately 4 per cent. respectively and the Internet Group and the Outdoor Media Group contributing approximately 16 per cent., and approximately 15 per cent. respectively. In line with the TOM Group's geographical focus, revenue generated in the PRC represented approximately 49 per cent. of total revenue, while operations in Taiwan and Hong Kong contributed approximately 43 per cent. and approximately 8 per cent. respectively.

Operating expenses The increase in operating expenses in 2002 to approximately HK\$728 million reflects the consolidation of newly acquired businesses. In particular, corporate headquarter operating expenses recorded an approximately 4 per cent. increase compared to 2001 due to the inclusion of a one-time provision totalling HK\$34 million. As a result, corporate headquarter related operating expenses fell as a percentage of revenue from approximately 21 per cent. in 2001 to approximately 9 per cent. in 2002. The TOM Group's operating expenses as a percentage of revenue was reduced from approximately 64 per

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cent. to approximately 45 per cent., reflecting the impact of new acquisitions and signifying that a leaner cost structure was in place to support a larger revenue base compared to 2001. Overall, the TOM Group's operations reached a critical mass that could sustain solid revenue growth against a well-managed and competitive cost base.

Operating loss The TOM Group's operating loss for 2002 was reduced to approximately HK\$106 million, a 54 per cent. improvement from approximately HK\$231 million in 2001. The reduction was a result of the broadened revenue base and continued cost discipline.

Impairment of assets The TOM Group performed an assessment of the fair value of its assets, including goodwill that had previously been eliminated against reserves on an annual basis. The assessment was based on value in use of the assets as determined at the cash generating unit level (the individual business operations) based on the present value of estimated future cash flows. As a result of this assessment, provisions of approximately HK\$281 million and approximately HK\$197 million were made for 2001 and 2002, respectively, for impairment of goodwill arising from earlier acquisitions relating mainly to Internet businesses and two Maya companies. In conjunction with this provision, the Company has also deconsolidated the Maya companies since October 2002 as the TOM Group has encountered severe difficulties in exercising control or significant influence over these operations. In addition, a provision of approximately HK\$50 million for impairment of fixed assets in relation to Internet operations has been made in 2001.

Share of results of jointly controlled entities and associated companies The TOM Group's share of losses of jointly controlled entities decreased from approximately HK\$35.9 million in 2001 to approximately HK\$29.6 million in 2002. This improvement was led by the restructuring of jointly controlled entities within the Internet Group. The TOM Group's share of profits less losses from associated companies improved from a loss of approximately HK\$3.2 million in 2001 to a profit of approximately HK\$20,000 in 2002. This is mainly attributed to the acquisition of a Taiwan publishing company as well as the improvement of an Internet operation in Hong Kong.

Loss attributable to shareholders Loss attributable to shareholders of the TOM Group in 2002 was narrowed to approximately HK\$410 million, compared to a loss of approximately HK\$636 million in 2001. Excluding the effect of impairment of goodwill, the loss attributable to shareholders would have been approximately HK\$212 million. This loss of approximately HK\$212 million was mainly generated from depreciation and amortisation charges of approximately HK\$160 million and the one-off cost related to a legal settlement totalling approximately HK\$21 million.

DISCUSSION ON SEGMENTAL RESULTS

In accordance with the TOM Group's internal financial reporting, the TOM Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format. In 2001, the TOM Group reported its results in two segments: online and offline. In 2002, it reported its results in four business segments: online group, outdoor media group, publishing group and sports and entertainment group. The TOM Group currently reports its results in five business segments: Internet Group, Outdoor Media Group, Publishing Group, Sports Group and Television and Entertainment Group. Although the TOM Group had not divided its operations into these five segments in 2001 and 2002, for the purposes of the following discussion the TOM Group has reconstructed its

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financial results for 2001 and 2002 on such segment basis. There are no significant sales or other transactions between the business segments. For additional data and information relating to the TOM Group's business segments and segment presentation, see section V notes 2(u) and 3 to the TOM Group's consolidated financial statements in the Accountants' Report on TOM Group in Appendix I to this document.

Segmental Results for 2003 compared to 2002

The Internet Group's revenue more than doubled to approximately HK\$592 million with a segment profit of approximately HK\$133 million, compared to a revenue of approximately HK\$256 million and a segment loss of approximately HK\$91 million in 2002. The impressive results were led mainly by the success in the Internet Group's wireless value-added services. Operating results of the new acquisition in wireless IVR was consolidated for approximately one and a half months.

On 10 March and 11 March 2004, the shares of TOM Online were listed and traded on NASDAQ (in the form of American Depositary Shares) in U.S.A. and GEM, respectively by way of a global offering. TOM Online was a wholly-owned subsidiary of the Company immediately before the listings, whose primary business activities comprise the Company's PRC wireless value-added services, online advertising and commercial enterprise solutions. The Company currently holds approximately 71.86 per cent. of the issued ordinary shares in TOM Online.

Revenue of the Outdoor Media Group increased by approximately 20 per cent. to approximately HK\$298 million from the previous year's approximately HK\$248 million, primarily due to the full year effect of acquisitions in the second and third quarters of 2002. However, segment profit of approximately HK\$27 million decreased from 2002's approximately HK\$44 million. This was attributable to the increased level of lower margin media buying and certain internal restructuring initiatives during the year.

For the Publishing Group, a slight improvement in revenue was reported when compared to 2002. Revenue was approximately HK\$771 million and segment profit was approximately HK\$29 million in 2003 whereas revenue was approximately HK\$741 million and segment profit was approximately HK\$30 million in 2002.

With the cancellation of a number of sports events during the year due to SARS, the Sports Group reported revenue for 2003 at approximately HK\$252 million compared to approximately HK\$317 million in 2002. However, with an active refocus to other geographical areas such as Thailand and the rapid recovery in the last quarter of the year, the Sports Group managed to grow segment profit to approximately HK\$73 million in 2003 from approximately HK\$61 million in 2002.

The Television and Entertainment Group reported a revenue of approximately HK\$176 million in 2003, compared to approximately HK\$63 million in 2002. The increase was primarily attributable to the full year consolidation of the audio-visual products distribution business compared to a single-quarter of consolidated result in 2002. Segment loss was approximately HK\$32 million compared to approximately HK\$0.5 million last year. This included consolidation of the loss in CETV since mid September 2003.

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Segmental Results for 2002 compared to 2001

Revenue from the Internet Group increased by 78 per cent. to approximately HK\$256 million buoyed by the TOM Group's strong market position in the PRC's fast growing wireless value-added services business. The strong growth coupled with continuing cost discipline narrowed the segment loss by approximately 47 per cent. to approximately HK\$91 million.

Outdoor Media Group revenue more than doubled to approximately HK\$248 million in 2002, benefiting from first-time contributions from eight outdoor media subsidiaries as well as a growing network-wide sales effort. However, due to restructuring and higher goodwill amortisation charges arising from new acquisitions, there was a decrease in segment profit by approximately HK\$7 million compared to 2001.

For the Publishing Group, stable organic growth and full year contributions from TOM's publishing operations in Taiwan lifted revenue by approximately 3.4 times to approximately HK\$741 million. The previous year's segment loss was reversed and a segment profit of HK\$30 million was achieved.

Revenue from the Sports Group increased by approximately 61 per cent. to approximately HK\$317 million and segment profit almost tripled to approximately HK\$61 million, led by FIFA World Cup related programmes and first-time contributions from Tennis Management Group.

Revenue from the Television and Entertainment Group of approximately HK\$63 million in 2002 was attributable to first-time contribution from the audio-visual products distribution business.

LIQUIDITY AND CAPITAL RESOURCES

Net Assets

As at 31 December 2003, the net assets and net current liabilities of the TOM Group were approximately HK\$1,619 million and HK\$150 million respectively, and its current assets and current liabilities were approximately HK\$2,057 million and HK\$2,206 million respectively.

Financial Resources

The TOM Group generally finances its operations and investing activities with funds raised through the equity and debt market, internally generated cash flows, bank loans, and loans from substantial shareholders of the Company.

The TOM Group's total shareholders' funds increased to approximately HK\$1,619 million as at 31 December 2003 compared to approximately HK\$272 million in 2002 and approximately HK\$579 million in 2001.

The TOM Group was granted unsecured loan facilities directly or indirectly by HWL, CKH and Cranwood of up to an aggregate of HK\$340 million, HK\$170 million and HK\$340 million, respectively, at interest rate of 50 basis points over 3 months Hong Kong Interbank Offered Rate per annum. The loans are repayable on or before 10 December 2004. The TOM Group has determined to fully repay the aforesaid loans to its substantial shareholders prior to the Listing Date through the utilisation of banking facilities on terms to be agreed, which may include charges on certain assets of the TOM Group.

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On 3 July 2003, the TOM Group entered into the placing and subscription agreements for the placing and allotment of 450,000,000 Shares at a price of HK\$2.3 per share for net proceeds of approximately HK\$996 million. Completion of the placing and subscription took place on 7 July 2003 and 8 July 2003 respectively.

On 10 July 2003, the TOM Group entered into a NT\$1.9 billion (approximately HK\$426 million) syndicated revolving credit and term loan agreement with five financial institutions. The loan agreement represents the TOM Group's first long-term bank financing which will contribute to the TOM Group's overall funding requirements and financial strength. As of 31 December 2003, the TOM Group had not utilised the facility.

On 28 November 2003, the TOM Group issued US\$150 million (approximately HK\$1.17 billion) 0.50 per cent. guaranteed Convertible Bonds which are due in 2008. The Convertible Bonds are convertible into Shares of the Company at any time from 8 January 2004 to 14 November 2008 at an initial conversion price of HK\$3.315 per Share, subject to adjustment. The Convertible Bonds are rated BB+ by Standard & Poors. A summary of the terms of the Convertible Bonds are set out in the section headed "Summary of Principal Terms of the Convertible Bonds" in Appendix VI to this document. The TOM Group has taken advantage of the market window of opportunity for low cost financing, hence further strengthening the TOM Group's financial position.

As at 31 December 2003, the TOM Group had bank and other borrowings (including the loans from substantial shareholders and outstanding under the Convertible Bonds) totalling approximately HK\$2,056 million. The TOM Group's cash-to-borrowing ratio was approximately 142 per cent., 38 per cent. and 43 per cent., respectively, by the end of 2001, 2002 and 2003.

On 10 March and 11 March 2004, the shares of TOM Online, hitherto a wholly-owned subsidiary of the Company, were listed and traded on NASDAQ (in the form of American Depositary Shares) in U.S.A. and GEM, respectively by way of a global offering. The TOM Group's cash position was further improved by approximately HK\$1,326 million arising from the net proceeds from the global offering of TOM Online.

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Cash Flow Data

The following table presents selected cash flow data from the TOM Group's consolidated cash flow statements for 2001, 2002 and 2003.

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Net cash (outflow)/inflow from			
operating activities	(371,840)	(123,024)	18,129
Net cash outflow from			
investing activities	(480,581)	(502,121)	(1,606,887)
Net cash inflow from financing activities	151,794	721,153	2,143,428
Cash and cash equivalents	233,885	329,893	884,563

As at 31 December 2003, the TOM Group had bank and cash balances of HK\$885 million as compared to HK\$330 million as at 31 December 2002. During 2003, the TOM Group generated net cash inflow of HK\$69 million from its operations and utilised HK\$125 million to finance its capital expenditures and investment projects. It is also the TOM Group's financial management policy to utilise cash, which does not have immediate use for the TOM Group, to invest in liquid and high credit-rated listed debt securities for non-trading purposes to enhance the return on surplus cash. During 2003, the TOM Group had invested in the listed debt securities of HK\$1,482 million.

As at 31 December 2002, the TOM Group had bank and cash balances of HK\$330 million as compared to HK\$234 million as at 31 December 2001. During 2002, the TOM Group utilised HK\$577 million to finance its operations and investment projects.

Net cash provided by operating activities was HK\$18 million in 2003, compared to net cash used in operating activities of HK\$123 million in 2002, and HK\$372 million in 2001. This decrease in net cash used was primarily due to an increase in the TOM Group's net income. Prior to 2003, the TOM Group experienced significant negative cash flows from its operating activities.

Net cash used in investing activities was HK\$1,607 million in 2003, compared to HK\$502 million in 2002 and HK\$481 million in 2001. This increase in net cash used was due to cash consideration paid for the acquisition of subsidiaries in 2002 and the purchase of debt securities in 2003. Net cash from financing activities was HK\$2,143 million in 2003, compared to HK\$721 million in 2002 and HK\$152 million in 2001. This significant increase was related to the drawdown of new bank and other loans in 2002 and the receipt of proceeds from share placement and issuance of the Convertible Bonds in 2003.

Working Capital

Taking into account funds raised through the equity and debt market, the available banking facilities and internally generated funds, the Directors are of the opinion that the working capital available to the TOM Group is sufficient for the TOM Group's present requirements, that is for at least the next 12 months from the date of this document.

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Financing

The TOM Group's bank and other borrowings as at 31 December 2001, 2002 and 2003 were as follows:

	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Loans from substantial shareholders	100,000	850,000	850,000
Convertible Bonds	–	–	1,170,753
Bank borrowings	46,952	15,368	35,047
Other borrowings and loans from minority shareholders	17,770	5,624	–
Total	<u>164,722</u>	<u>870,992</u>	<u>2,055,800</u>

The TOM Group's loans during the Relevant Periods bear interest at the rates ranging from 0.5 per cent. to 11.7 per cent. per annum.

The TOM Group's gearing ratios were approximately 10 per cent., 34 per cent. and 39 per cent. as at 31 December 2001, 2002 and 2003 respectively. The gearing ratio is calculated by dividing the TOM Group's total debt by the total assets of the TOM Group. The significant increase in gearing ratios from approximately 10 per cent. as at 31 December 2001 to approximately 34 per cent. as at 31 December 2002 was primarily due to the increase in loans from substantial shareholders from HK\$100 million as at 31 December 2001 to HK\$850 million as at 31 December 2002. The increase to approximately 39 per cent. as at 31 December 2003 was primarily due to the issuance of the Convertible Bonds of approximately HK\$1,170 million and the corresponding receipt of cash proceeds.

The bank and other borrowings of approximately HK\$2,056 million as at 31 December 2003 include Convertible Bonds of approximately HK\$1,171 million and bank borrowings of approximately HK\$22 million, which were drawn down on 28 November 2003 and 25 December 2003 respectively and bore interest ranging from 0.5 per cent. to 1.45 per cent. per annum. The remaining bank borrowing balances in 2002 and 2003 were maintained at fairly stable level, bearing similar interest rates. As a result, the financing costs during those periods were relatively stable.

INDEBTEDNESS

Borrowings

As at the close of business on 30 April 2004, being the latest practicable date for the purpose of calculating the TOM Group's indebtedness, the TOM Group had outstanding borrowings of approximately HK\$2,076 million which comprised Convertible Bonds in the amounts of approximately HK\$1,174 million, unsecured loans directly or indirectly from the substantial shareholders of the Company, HWL, CKH and Cranwood in the amounts of HK\$340 million, HK\$170 million and HK\$340 million respectively, and unsecured bank loans in the amount of approximately HK\$46 million and secured bank loans of approximately HK\$6 million. The TOM Group has determined to fully repay the shareholders' loans prior to the Listing Date through the utilisation of banking facilities on terms to be agreed, which may include charges on certain assets of the TOM Group.

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Convertible Bonds

On 28 November 2003, TOM Holdings, a wholly-owned subsidiary of the Company issued the Convertible Bonds in the aggregate principal amount of US\$150 million (approximately HK\$1,170 million), which are unconditionally and irrevocably guaranteed by the Company, and are convertible into Shares of the Company. The Convertible Bonds bear interest at the rate of 0.5 per cent. per annum on the principal amount of each Convertible Bond, payable semi-annually in arrear from 28 November 2003 up to but excluding 28 November 2008. The Convertible Bonds are convertible at any time on and after 8 January 2004 up to the close of business on 14 November 2008 into the Shares at an initial conversion price of HK\$3.315 per share, subject to adjustment.

TOM Holdings may, subject to certain conditions, on or at any time after 13 December 2006 and prior to 28 November 2008, redeem all, or from time to time, redeem some of the Convertible Bonds, at principal plus a fixed return of 1.25 per cent. per annum from 28 November 2003 to the redemption date. Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed at 103.86 per cent. of the principal amount, plus any accrued interest on 28 November 2008. During the Relevant Period and up to the Latest Practicable Date, no Convertible Bonds were converted or redeemed.

Contingent Liabilities

As at 30 April 2004, the TOM Group's contingent liabilities amounted to approximately HK\$9 million.

Charges on Group Assets

Certain TOM Group's assets are pledged to banks as security for general banking facilities granted to the TOM Group. As at 30 April 2004, the pledged assets of the TOM Group included bank deposits, cash and other assets at net book value totalling approximately HK\$36 million.

Contractual Obligations and Commercial Commitments

- (a) As at 30 April 2004, the TOM Group had capital commitment in respect of acquisition of fixed assets and other non-current assets amounting to approximately HK\$295 million.
- (b) As at 30 April 2004, the TOM Group had commitments in respect of contributions to registered capital of an investment in the PRC amounting to approximately HK\$23 million.
- (c) As at 30 April 2004, the TOM Group had other capital commitment in respect of the series of contractual arrangements which enabled the TOM Group to enjoy 100 per cent. economic benefits in LTWJi through the acquisition of the entire share capital of Puccini subject to a maximum amount of US\$150 million (approximately HK\$1,170 million). According to the sale and purchase agreement entered into between the TOM Group and Cranwood, the consideration for the acquisition of Puccini should equal the valuation of the Puccini Group, which is determined based on 7.7 times the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004; or in the event that the audited consolidated

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net profit of the Puccini Group for the year ending 31 December 2004 is less than an amount equal to 1.2 times of audited consolidated net profit of the Puccini Group for the year ended 31 December 2003, an amount equal to 6 times the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004. The other capital commitment will be 50 per cent. paid in cash and 50 per cent. paid by the issuance and allotment of TOM Online shares. An initial consideration of US\$18,500,000 worth of TOM Online shares as held in escrow were issued at the initial public offer price of TOM Online shares on 10 March 2004.

- (d) At 30 April 2004, the TOM Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings and other assets of approximately HK\$44 million and HK\$195 million, respectively.

The registered capital of an investment in the PRC amounted to approximately HK\$23 million will be funded by drawdown of a new bank loan. Other outstanding capital commitments of the TOM Group as at 30 April 2004 are expected to be financed internally.

Disclaimer

Except as disclosed above, the TOM Group did not have any outstanding loan capital, bank overdrafts, and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, or guarantees or other material contingent liabilities outstanding as at 30 April 2004, apart from intra-group liabilities, which have been disregarded for these purposes.

MARKET FACTORS

Foreign Exchange Rate

In general, it is the TOM Group's policy for each operating entity to borrow in local currencies, where necessary, to minimise currency risk. The TOM Group earns revenue and incurs costs and expenses mainly in RMB. The Company's accounts are stated in HK dollars and the payment of dividend will also be in HK dollars. The TOM Group does not presently intend to use any derivative instruments in the foreign currency market to hedge the risk against fluctuations of RMB to other foreign currencies. The Directors believe that having regard to the working capital position of the TOM Group and convertibility of RMB into foreign currency in respect of current account items, the TOM Group is able to meet its foreign exchange liabilities as they become due.

Inflation

In recent years, the PRC has not experienced significant inflation, and thus inflation has not had a significant effect on the TOM Group's business during the past 3 years. According to the China Statistical Bureau, the PRC's overall national inflation rate, as represented by the general consumer price index, was approximately 0.7 per cent. in 2001. In 2002, the PRC experienced deflation of 0.8 per cent.. In 2003, the PRC experienced inflation of 1.2 per cent.. Deflation could negatively affect the TOM Group's business as it would be a disincentive for prospective users to purchase the products or services of the TOM Group.

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DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

DISTRIBUTABLE RESERVES

Pursuant to the Companies Law of the Cayman Islands and articles of association of the Company, share premium of the Company is distributable to its shareholders, subject to meeting certain conditions. At 31 December 2003, the Company's distributable reserves, comprising share premium account and contributed surplus, net of accumulated losses, amounted to approximately HK\$1,962 million. In the opinion of the Directors, the net reserves of the Company available for distribution to shareholders as at 31 December 2003 amounted to approximately HK\$1,426 million, after taking into account an amount of HK\$536 million, being goodwill arising from acquisitions in 2000, and which has been taken directly to the Company's share premium account on consolidation, thereby reducing its reserves available for distribution.

TAXATION

Hong Kong profits tax has been provided for the TOM Group at the rate of 16 per cent. for the two years ended 31 December 2001 and 2002, and 17.5 per cent. for the year ended 31 December 2003 and the three months ended 31 March 2004, on the estimated assessable profits of the TOM Group for these periods. Taxation on profits of subsidiaries in the PRC and Taiwan has been calculated on the estimated assessable profits for these periods at the range of 0 per cent. to 33 per cent., and 25 per cent., respectively, being the rates of taxation prevailing in the PRC and Taiwan, having taken into account the preferential tax treatment granted to certain subsidiaries of the Company in the PRC.

The effective tax rates for the three years ended 31 December 2001, 2002 and 2003 and the three months ended 31 March 2004 were -3 per cent., -8 per cent., 18 per cent. and 2 per cent. respectively. However, since the Group was in loss making position for the years ended 31 December 2001 and 2002 and therefore, the effective rates cannot truly reflect the Group's tax position. The effective tax rate for the three months ended 31 March 2004 was lower than that for the year ended 31 December 2003 because the deemed disposal gain arising in relation to the spin-off and separate listings of TOM Online, amounting to approximately HK\$873 million, was arisen on consolidation and was not subject to Hong Kong profits tax.

PROPERTIES INTERESTS

Details of properties owned, leased or contracted to be leased by the TOM Group are set out in the section headed "Property valuation" in Appendix IV to this document. DTZ Debenham Tie Leung Limited, an independent valuer, has valued the property interests of the TOM Group as at 31 March 2004. Details of the valuation and the text of the letter from DTZ Debenham Tie Leung Limited are set out in the section headed "Property valuation" in Appendix IV to this document.

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NET TANGIBLE ASSETS

The following statement shows the TOM Group's net tangible assets as at 31 December 2003 as extracted from the Accountants' Report on TOM Group, the text of which is set out in Appendix I to this document.

	<i>HK\$'000</i>
Audited net tangible assets of the TOM Group as at 31 December 2003 (<i>Note 1</i>)	413,911
Audited net tangible asset value per Share (<i>Note 2</i>)	10.67 cents

Notes:

- 1 The audited net tangible assets of the TOM Group as at 31 December 2003 is extracted from the Accountants' Report on the TOM Group set out in the section headed "Accountants' Report on TOM Group" in Appendix I to this document. Intangible assets include the carrying value of goodwill, concession rights, copyrights, licence rights, publishing rights, purchased programme and film rights and deferred tax assets as set out in the section headed "Accountants' Report on TOM Group" in Appendix I to this document.
- 2 The audited net tangible asset value per Share is calculated on the basis of 3,878,261,817 Shares in issue at 31 December 2003.
- 3 The revaluation surplus arising from property revaluation of the TOM Group, amounting to HK\$971,500, being the difference between the carrying value of the properties as at 31 December 2003 of HK\$12,031,000, as extracted from the "Accountants' report on TOM Group" in Appendix I to this document and the capital value in existing state as at 31 March 2004 of HK\$13,002,500 as extracted from the "Property valuation" in Appendix IV to this document. In accordance with the TOM Group's accounting policies, fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. As such, the revaluation surplus arising from the property revaluation will not be reflected in the TOM Group's annual report. Had the properties been stated at valuation, the additional annual depreciation charge that would be charged against the consolidated profit and loss account would be approximately HK\$19,000.

NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that since 31 December 2003 (being the date to which the TOM Group's latest consolidated financial results were prepared as set out in the Accountants' Report on TOM Group in Appendix I to this document), there has been no material adverse change in the financial or trading position of the Company or any of its subsidiaries.

DIVIDENDS

During the Relevant Period, no dividend was paid by the Company.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong

The Directors

29 June 2004

TOM Group Limited

(Formerly known as TOM.COM LIMITED)

Mogan Stanley Dean Witter Asia Limited

Dear Sirs,

We set out below our report on the financial information relating to TOM Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “TOM Group”) for each of the three years ended 31 December 2001, 2002 and 2003 (the “Relevant Periods”), for inclusion in the listing document of the Company dated 29 June 2004 in connection with the proposed listing of the entire issued share capital of the Company on the main board (the “Main Board”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of introduction.

The Company was incorporated in the Cayman Islands on 5 October 1999 as a limited liability company under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange since 1 March 2000.

As at the date of this report, the Company has direct and indirect interests in the principal subsidiaries, jointly controlled entities and associated companies set out in section V note 38 below, all of which are private companies, except for TOM Online Inc., which was listed on the National Market of National Automated Systems Dealership and Quotation (the “NASDAQ”), United States of America and the GEM of the Stock Exchange on 10 March 2004 and 11 March 2004 respectively.

All companies now comprising the TOM Group, jointly controlled entities and associated companies, have adopted 31 December as their financial year end date.

We acted as auditors of the Company for each of the three years ended 31 December 2001, 2002 and 2003. Details of the auditors of the Company’s subsidiaries, jointly controlled entities and associated companies are set out in section V note 38 below. No audited accounts have been prepared for some of these companies since their respective dates of incorporation as there is no statutory requirement for these entities to prepare audited accounts.

For the purpose of this report, we have examined the audited accounts or, where appropriate, the unaudited management accounts of the companies comprising the TOM Group, jointly controlled entities and associated companies for the Relevant Periods and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline “Prospectuses and the Reporting Accountant” issued by the Hong Kong Society of Accountants.

The financial information as set out in sections I to V below (the “Financial Information”) has been prepared based on the audited accounts or, where appropriate, unaudited management accounts of the companies comprising the TOM Group, jointly controlled entities and associated companies for the Relevant Periods. The directors of the respective companies comprising the TOM Group, during the Relevant Periods, are responsible for preparing these accounts which give a true and fair view. In preparing these accounts, it is fundamental that appropriate accounting policies are selected and applied consistently.

The directors of the Company are responsible for the Financial Information. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion.

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the consolidated state of affairs of the TOM Group and the state of affairs of the Company as at 31 December 2001, 2002 and 2003 and of the consolidated results and cash flows of the TOM Group for the Relevant Periods.

I. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Section V <i>Note</i>	Year ended 31 December		
		2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover	3	<u>626,624</u>	<u>1,624,126</u>	<u>2,089,234</u>
Cost of sales		(479,292)	(1,008,400)	(1,202,730)
Interest income	3	23,069	5,867	14,097
Selling and marketing expenses		(86,890)	(170,205)	(191,394)
Administrative expenses		(127,186)	(235,174)	(216,552)
Other operating expenses		<u>(186,917)</u>	<u>(322,406)</u>	<u>(400,306)</u>
Operating (loss)/profit	4	(230,592)	(106,192)	92,349
Finance costs	5	(1,395)	(19,079)	(19,919)
Provision for impairment of goodwill	6	(280,936)	(197,108)	–
Provision for impairment of fixed assets		(49,540)	–	–
Restructuring costs	7	(8,527)	–	–
Share of losses of jointly controlled entities		(35,856)	(29,585)	(6,387)
Share of profits less losses of associated companies		<u>(3,164)</u>	<u>20</u>	<u>1,823</u>
(Loss)/profit before taxation		(610,010)	(351,944)	67,866
Taxation	8	<u>(18,692)</u>	<u>(29,080)</u>	<u>(12,399)</u>
(Loss)/profit after taxation		(628,702)	(381,024)	55,467
Minority interests		<u>(7,185)</u>	<u>(28,555)</u>	<u>(42,869)</u>
(Loss)/profit attributable to shareholders		<u>(635,887)</u>	<u>(409,579)</u>	<u>12,598</u>
(Loss)/earnings per share	11			
– Basic		<u>HK(19.78) cents</u>	<u>HK(12.41) cents</u>	<u>HK0.35 cent</u>
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>HK0.35 cent</u>

II(A). CONSOLIDATED BALANCE SHEETS

		31 December		
	Section V	2001	2002	2003
	Note	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Fixed assets	14	190,630	250,868	245,006
Other non-current assets	15	27,024	98,781	253,377
Goodwill	16	440,019	953,899	1,088,466
Interests in jointly controlled entities	18	125,632	35,510	15,018
Interests in associated companies	19	3,741	4,601	4,586
Investment securities	20	37,005	126,406	1,594,636
		<u>824,051</u>	<u>1,470,065</u>	<u>3,201,089</u>
Current assets				
Inventories	21	92,676	108,260	102,236
Trade and other receivables	22	516,831	645,145	1,069,908
Bank balances and cash	34(a)	233,885	329,893	884,563
		<u>843,392</u>	<u>1,083,298</u>	<u>2,056,707</u>
Current liabilities				
Consideration payables – current	23	268,609	431,478	367,211
Trade and other payables	24	472,081	598,038	903,235
Taxation payable		64,376	68,417	52,607
Long-term bank loans – current	26(a)	12,228	561	610
Short-term loans	25	48,405	14,338	882,762
		<u>865,699</u>	<u>1,112,832</u>	<u>2,206,425</u>
Net current liabilities		<u>(22,307)</u>	<u>(29,534)</u>	<u>(149,718)</u>
Total assets less current liabilities		<u>801,744</u>	<u>1,440,531</u>	<u>3,051,371</u>
Non-current liabilities				
Consideration payables – non-current	23	21,120	130,670	11,560
Other non-current liabilities	26	114,742	874,659	1,239,471
Deferred tax liabilities	28(b)	2,721	9,147	17,882
		<u>138,583</u>	<u>1,014,476</u>	<u>1,268,913</u>
Minority interests		<u>84,158</u>	<u>153,784</u>	<u>163,083</u>
Net assets		<u>579,003</u>	<u>272,271</u>	<u>1,619,375</u>
CAPITAL AND RESERVES				
Share capital	29	327,765	332,187	387,827
Reserves	31(a)	252,329	(54,688)	1,237,633
Own shares held	32	(1,091)	(5,228)	(6,085)
Shareholders' funds		<u>579,003</u>	<u>272,271</u>	<u>1,619,375</u>

II(B). BALANCE SHEETS OF THE COMPANY

	Section V	2001	31 December	2003
	Note	HK\$'000	2002 HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Interests in subsidiaries	17	1,516,999	2,421,694	3,201,908
Current assets				
Other receivables	22	23,552	20,961	29,313
Bank balances and cash		21,988	14,433	351,391
		45,540	35,394	380,704
Current liabilities				
Consideration payables – current	23	268,609	431,478	367,211
Other payables	24	20,133	5,487	8,993
Short-term loans	25	–	–	850,000
		288,742	436,965	1,226,204
Net current liabilities		(243,202)	(401,571)	(845,500)
Total assets less current liabilities		1,273,797	2,020,123	2,356,408
Non-current liabilities				
Consideration payables – non-current	23	21,120	130,670	11,560
Other non-current liabilities	26	100,000	850,000	–
		121,120	980,670	11,560
Net assets		1,152,677	1,039,453	2,344,848
CAPITAL AND RESERVES				
Share capital	29	327,765	332,187	387,827
Reserves	31(b)	826,003	712,494	1,963,106
Own shares held	32	(1,091)	(5,228)	(6,085)
Shareholders' funds		1,152,677	1,039,453	2,344,848

III. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
At 1 January	787,057	579,003	272,271
Disposal of a subsidiary	150	–	–
Revaluation surplus on investment securities	–	–	5,611
Exchange translation differences	(519)	(255)	2,042
Net (losses)/gains not recognised in the profit and loss account	(369)	(255)	7,653
(Loss)/profit for the year	(635,887)	(409,579)	12,598
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	416,381	87,597	331,665
Placement of shares, net of issuing expenses	–	–	996,045
Exercise of share options, net of issuing expenses	12,912	19,642	–
Own shares held	(1,091)	(4,137)	(857)
At 31 December	579,003	272,271	1,619,375

IV. CONSOLIDATED CASH FLOW STATEMENTS

		Year ended 31 December		
	Section V	2001	2002	2003
	Note	HK\$'000	HK\$'000	HK\$'000
Net cash (outflow)/inflow				
from operations	33(a)	(367,175)	(75,203)	69,375
Interest paid		(1,140)	(19,205)	(17,397)
Hong Kong profits tax paid		(1,718)	(2,003)	(2,595)
Overseas taxation paid		(1,807)	(26,613)	(31,254)
Net cash (used in)/from operating activities		(371,840)	(123,024)	18,129
Investing activities				
Interest received		22,521	22,631	13,455
Capital expenditure		(63,065)	(166,698)	(96,916)
Sale of fixed assets		4,852	1,423	1,262
Settlement of consideration payable for acquisition of subsidiaries in prior years		–	(42,639)	(27,421)
Acquisition of subsidiaries	33(b)	(298,974)	(312,047)	(20,841)
Disposal/deconsolidation of a subsidiary	33(c)	163	(7,962)	135
Purchase of debt securities		–	–	(1,481,549)
Purchase and sale of other investments, net		(58,595)	(219)	–
Loans to related companies		(89,744)	(500)	–
Loan repayment from related companies		2,261	3,760	–
Dividends received		–	130	4,988
Net cash used in investing activities		(480,581)	(502,121)	(1,606,887)
Net cash used before financing activities		(852,421)	(625,145)	(1,588,758)
Financing activities				
Issuance of ordinary shares, net of issuing expenses	33(d)	12,912	19,292	995,921
New bank and other loans	33(d)	141,317	767,364	103,062
Loan repayments	33(d)	(9,499)	(63,737)	(85,162)
Proceeds from issuance of convertible bonds	33(d)	–	–	1,170,000
Expenses on issuance of convertible bonds and arrangement of syndicated loan facilities		–	–	(35,779)
Contribution from minority shareholders	33(d)	7,064	1,410	1,786
Dividends paid to minority shareholders		–	(3,176)	(6,400)
Net cash from financing activities		151,794	721,153	2,143,428
(Decrease)/increase in bank balances and cash		(700,627)	96,008	554,670
Bank balances and cash at 1 January		934,512	233,885	329,893
Bank balances and cash at 31 December		233,885	329,893	884,563

V. NOTES TO THE FINANCIAL INFORMATION**1. Background**

The Company was incorporated in the Cayman Islands on 5 October 1999. On 1 March 2000, its shares were listed on the GEM of the Stock Exchange.

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

2. Principal accounting policies

The principal accounting policies adopted in the preparation of this report are set out below. These policies conform with accounting standards issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention except that certain investment securities are stated at fair value.

(a) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 December. Subsidiaries are those entities in which the TOM Group, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the TOM Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the TOM Group's share of its net assets together with any unamortised goodwill or goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the interests in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby the TOM Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss accounts include the TOM Group's share of the results of jointly controlled entities for the Relevant Periods, and the consolidated balance sheets include the TOM Group's share of the net assets of the jointly controlled entities and goodwill on acquisition, net of accumulated amortisation and provision for impairment losses, if any.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*2. Principal accounting policies *(continued)**(c) Associated companies*

An associated company is a company, not being a subsidiary and a jointly controlled entity, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss accounts include the TOM Group's share of the results of associated companies for the Relevant Periods, and the consolidated balance sheets include the TOM Group's share of the net assets of the associated companies and goodwill on acquisition, net of accumulated amortisation and impairment losses, if any.

(d) Investment securities

Investment securities held for non-trading purpose are stated at fair value at the balance sheet date. Changes in the fair value of individual securities are credited or debited to the revaluation reserve until the security is sold, or is determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the revaluation reserve, is dealt with in the profit and loss account.

Where there is objective evidence that individual investment securities are impaired, the cumulative loss recorded in the revaluation reserve is taken to the profit and loss account.

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses, if any, over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Properties	over the lease terms
Leasehold improvements	15 – 30%
Computer equipment	20 – 33 $\frac{1}{3}$ %
Outdoor media assets	5 – 20%
Office equipment, studio and broadcasting equipment, furniture, fixtures and motor vehicles	10 – 33 $\frac{1}{3}$ %

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(f) Construction in progress

Construction in progress is stated at cost. Cost comprises direct costs of construction as well as direct expenses capitalised during the period of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to properties or outdoor signboards when subsequently all the activities necessary to prepare the assets to their intended use are completed. No depreciation is provided in respect of construction in progress.

(g) Other non-current assets

Concession rights, copyrights, licence rights, publishing rights and purchased programme and film rights are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised on a systematic basis over the respective period of the right, subject to a maximum period of 20 years, whichever is shorter.

Deferred expenses represent costs incurred for issuing convertible bonds and arrangement of syndicated loan facilities and are amortised on a straight-line basis over the respective period of the loan.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)***2. Principal accounting policies** *(continued)**(h) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the TOM Group's share of the net assets of the acquired subsidiary, jointly controlled entity or associated company at the date of acquisition.

Goodwill on acquisitions arising on or after 1 January 2001 is included in intangible assets and is amortised on a straight-line basis over its estimated useful life. Goodwill is amortised over a maximum period of 20 years.

Goodwill on acquisitions prior to 1 January 2001 was eliminated against reserves. Any impairment arising on such goodwill is accounted for in the consolidated profit and loss account.

Negative goodwill represents the excess of the fair value of the TOM Group's share of the net assets acquired over the cost of acquisition.

Negative goodwill is presented in the same balance sheet classification as goodwill and is recognised in the profit and loss account over the remaining weighted average useful life of the non-monetary assets.

(i) Asset impairment

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that intangible and tangible assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

(j) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(l) Trade receivables

Provision is made against trade receivables to the extent that they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

*(m) Employee benefits**(i) Pension obligations*

The TOM Group operates a number of defined contribution and defined benefit plans and the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies, taking into account of the recommendations of independent qualified actuaries.

The TOM Group's contributions to the defined contribution plans are expensed as incurred.

For defined benefit plans, pension costs are assessed using the projected unit credit method: the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. Actuarial gains and losses are recognised over the average remaining service lives of the employees. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)***2. Principal accounting policies** *(continued)**(m) Employee benefits (continued)**(i) Pension obligations (continued)*

The TOM Group's contributions to defined benefit plans are charged to the profit and loss account in the period to which the contributions relate.

(ii) Equity compensation benefits

Pursuant to written resolutions of the shareholders of the Company dated 11 February 2000, two share option schemes, namely, the Pre-IPO Share Option Plan and the Employee Share Option Scheme (collectively referred to as the "Schemes"), were adopted by the Company. The options are granted and exercisable at the market price of the shares on the date of grant and no compensation cost is recognised. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium account.

(n) Convertible bonds

Convertible bonds are stated in the balance sheet at face value, plus the accrued redemption premium. The redemption premium is accrued on a straight-line basis over the period from the date of issuance to the date of maturity, redemption or conversion.

(o) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investment in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(p) Provisions

Provisions are recognised when the TOM Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the TOM Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the TOM Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(r) Revenue recognition

Revenue from sale of services is recognised when the services are rendered.

Revenue from sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)***2. Principal accounting policies** *(continued)**(s) Borrowing costs*

Fees paid for the arrangement of convertible bonds and syndicated loan facilities are deferred and amortised on a straight-line basis over the respective period of the loan.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheets of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(u) Segment reporting

In accordance with the TOM Group's internal financial reporting, the TOM Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated costs represent corporate expenses, including depreciation and amortisation, net of interest income. Segment assets consist primarily of fixed assets, other non-current assets, goodwill, inventories, trade and other receivables and operating cash. Segment liabilities comprise operating liabilities and pension obligations and exclude items such as consideration payables, taxation and corporate borrowings. Capital expenditure comprises additions to fixed assets, concession rights, copyrights, licence rights, publishing rights and purchased programme and film rights.

In respect of geographical segment reporting, sales are based on the country in which the business is operated. Total assets and capital expenditure are based on the location of the assets.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

3. Turnover, revenue and segment information

The principal activity of the Company is investment holding. The principal activities of subsidiaries as at 31 December 2003 are set out in note 38. Turnover and revenues recognised during the Relevant Periods are as follows:

	Year ended 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Turnover			
Provision of wireless value-added services, online advertising, commercial enterprise solutions, and Internet access <i>(Note)</i>	143,890	255,800	592,443
Advertising sales of outdoor media assets and provision of outdoor media services	117,477	247,895	297,966
Magazine and book circulation, sales of publication advertising and other related products	168,286	741,258	771,441
Event organisation, advertising and sponsorship sales in relation to sports events and programmes	196,971	316,547	251,535
Advertising sales in relation to satellite television channel operations and sales of audio-visual products	–	62,626	175,849
	626,624	1,624,126	2,089,234
Interest income	23,069	5,867	14,097
Total revenues	649,693	1,629,993	2,103,331

Note: The TOM Group's wireless value-added services are delivered to users through the wireless data platforms of the mobile telecommunications operators pursuant to revenue sharing agreements. Before 1 January 2003, the TOM Group reported these wireless value-added services revenues net of the revenues shared with the mobile telecommunications operators. In 2003, the directors of the Company are of the opinion that it is more appropriate to adopt the gross basis of recognition of wireless value-added services revenues commencing from 1 January 2003. This change in recognition basis has no overall effect on the TOM Group's results. If wireless value-added services revenues for 2001 and 2002 were shown on a gross basis, both turnover and cost of sales for the years ended 31 December 2001 and 2002 would increase by approximately HK\$106,000 and approximately HK\$19,640,000 respectively, with no overall effect on the TOM Group's results.

Primary reporting format – business segments

The TOM Group is organised into five main business segments:

- Internet Group - provision of wireless value-added services, online advertising, commercial enterprise solutions, and Internet access
- Outdoor Media Group - advertising sales of outdoor media assets and provision of outdoor media services
- Publishing Group - magazine and book circulation, sales of publication advertising and other related products
- Sports Group - event organisation, advertising and sponsorship sales in relation to sports events and programmes
- Television and Entertainment Group - advertising sales in relation to satellite television channel operations and sales of audio-visual products

There are no significant sales or other transactions between the business segments.

Secondary reporting format – geographical segments

The TOM Group's five business segments are operated in three main geographical areas:

Hong Kong	–	Internet Group, Publishing Group, Sports Group, and Television and Entertainment Group
The PRC	–	Internet Group, Outdoor Media Group, Publishing Group, Sports Group, and Television and Entertainment Group
Taiwan	–	Publishing Group

There are no significant sales between the geographical segments.

V. NOTES TO THE FINANCIAL INFORMATION (continued)

3. Turnover, revenue and segment information (continued)

Primary reporting format – business segments

	Year ended 31 December 2001				
	Internet Group HK\$'000	Outdoor Media Group HK\$'000	Publishing Group HK\$'000	Sports Group HK\$'000	Group HK\$'000
Turnover	<u>143,890</u>	<u>117,477</u>	<u>168,286</u>	<u>196,971</u>	<u>626,624</u>
Segment (loss)/profit before amortisation and depreciation	(92,388)	62,358	370	21,436	(8,224)
Amortisation and depreciation	<u>(80,432)</u>	<u>(11,570)</u>	<u>(6,450)</u>	<u>(379)</u>	<u>(98,831)</u>
Segment (loss)/profit	<u>(172,820)</u>	<u>50,788</u>	<u>(6,080)</u>	<u>21,057</u>	(107,055)
Unallocated costs					<u>(123,537)</u>
Operating loss					(230,592)
Finance costs					(1,395)
Provision for impairment of goodwill	(280,936)	–	–	–	(280,936)
Provision for impairment of fixed assets	(49,540)	–	–	–	(49,540)
Restructuring costs	(8,527)	–	–	–	(8,527)
Share of losses of jointly controlled entities	(35,856)	–	–	–	(35,856)
Share of losses of associated companies	(2,428)	–	(736)	–	<u>(3,164)</u>
Loss before taxation					(610,010)
Taxation					<u>(18,692)</u>
Loss after taxation					(628,702)
Minority interests					<u>(7,185)</u>
Loss attributable to shareholders					<u>(635,887)</u>
Segment assets	450,797	240,592	674,601	76,275	1,442,265
Interests in jointly controlled entities	125,632	–	–	–	125,632
Interests in associated companies	2,656	–	1,085	–	3,741
Investment securities	–	1,485	34,768	752	37,005
Unallocated assets					<u>58,800</u>
Total assets					<u>1,667,443</u>
Segment liabilities	152,721	36,416	229,057	50,525	468,719
Unallocated liabilities					535,563
Minority interests					<u>84,158</u>
Total liabilities					<u>1,088,440</u>
Capital expenditure	25,705	20,179	3,501	645	50,030
Unallocated capital expenditure					<u>13,035</u>
					<u>63,065</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

3. Turnover, revenue and segment information (continued)

Primary reporting format – business segments (continued)

	Year ended 31 December 2002					Group HK\$'000
	Internet Group HK\$'000	Outdoor Media Group HK\$'000	Publishing Group HK\$'000	Sports Group HK\$'000	Television and Entertainment Group HK\$'000	
Turnover	<u>255,800</u>	<u>247,895</u>	<u>741,258</u>	<u>316,547</u>	<u>62,626</u>	<u>1,624,126</u>
Segment (loss)/profit before amortisation and depreciation	(22,804)	77,285	70,484	62,343	1,669	188,977
Amortisation and depreciation	<u>(68,438)</u>	<u>(33,236)</u>	<u>(40,779)</u>	<u>(1,446)</u>	<u>(2,163)</u>	<u>(146,062)</u>
Segment (loss)/profit	<u>(91,242)</u>	<u>44,049</u>	<u>29,705</u>	<u>60,897</u>	<u>(494)</u>	<u>42,915</u>
Unallocated costs						<u>(149,107)</u>
Operating loss						(106,192)
Finance costs						(19,079)
Provision for impairment of goodwill	(100,100)	(67,008)	(30,000)	–	–	(197,108)
Share of losses of jointly controlled entities	(29,585)	–	–	–	–	(29,585)
Share of profits less losses of associated companies	(1,185)	–	1,205	–	–	<u>20</u>
Loss before taxation						(351,944)
Taxation						<u>(29,080)</u>
Loss after taxation						(381,024)
Minority interests						<u>(28,555)</u>
Loss attributable to shareholders						<u>(409,579)</u>
Segment assets	277,277	673,666	998,821	174,364	131,598	2,255,726
Interests in jointly controlled entities	35,510	–	–	–	–	35,510
Interests in associated companies	1,470	–	3,131	–	–	4,601
Investment securities	61,292	45,205	19,157	752	–	126,406
Unallocated assets						<u>131,120</u>
Total assets						<u>2,553,363</u>
Segment liabilities	75,019	99,861	292,895	44,067	46,397	558,239
Unallocated liabilities						1,569,069
Minority interests						<u>153,784</u>
Total liabilities						<u>2,281,092</u>
Capital expenditure	60,847	52,368	13,916	168	33,066	160,365
Unallocated capital expenditure						<u>6,333</u>
						<u>166,698</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

3. Turnover, revenue and segment information (continued)

Primary reporting format – business segments (continued)

	Year ended 31 December 2003					Group HK\$'000
	Internet Group HK\$'000	Outdoor Media Group HK\$'000	Publishing Group HK\$'000	Sports Group HK\$'000	Television and Entertainment Group HK\$'000	
Turnover	<u>592,443</u>	<u>297,966</u>	<u>771,441</u>	<u>251,535</u>	<u>175,849</u>	<u>2,089,234</u>
Segment profit/(loss) before amortisation and depreciation	191,590	67,197	70,890	76,747	(4,928)	401,496
Amortisation and depreciation	<u>(58,140)</u>	<u>(40,434)</u>	<u>(41,928)</u>	<u>(3,776)</u>	<u>(27,570)</u>	<u>(171,848)</u>
Segment profit/(loss)	<u>133,450</u>	<u>26,763</u>	<u>28,962</u>	<u>72,971</u>	<u>(32,498)</u>	229,648
Unallocated costs						<u>(137,299)</u>
Operating profit						92,349
Finance costs						(19,919)
Share of losses of jointly controlled entities	(6,387)	–	–	–	–	(6,387)
Share of profits of associated companies	29	–	1,794	–	–	<u>1,823</u>
Profit before taxation						67,866
Taxation						<u>(12,399)</u>
Profit after taxation						55,467
Minority interests						<u>(42,869)</u>
Profit attributable to shareholders						<u>12,598</u>
Segment assets	576,067	764,349	1,121,202	399,873	290,141	3,151,632
Interests in jointly controlled entities	15,018	–	–	–	–	15,018
Interests in associated companies	1,500	–	3,086	–	–	4,586
Investment securities	61,525	45,205	12,522	752	–	120,004
Unallocated assets						<u>1,966,556</u>
Total assets						<u>5,257,796</u>
Segment liabilities	220,788	102,975	332,655	157,632	118,747	932,797
Unallocated liabilities						2,542,541
Minority interests						<u>163,083</u>
Total liabilities						<u>3,638,421</u>
Capital expenditure	41,929	34,551	14,661	27,901	7,611	126,653
Unallocated capital expenditure						<u>2,421</u>
						<u>129,074</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

3. Turnover, revenue and segment information (continued)

Secondary reporting format – geographical segments

	Turnover		
	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Hong Kong	96,085	137,068	173,593
The PRC	413,350	796,685	1,204,013
Taiwan	117,189	690,373	711,628
	<u>626,624</u>	<u>1,624,126</u>	<u>2,089,234</u>
	Segment (loss)/profit		
	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Hong Kong	(44,331)	300	36,598
The PRC	22,399	99,744	270,998
Taiwan	13,708	88,933	93,900
	<u>(8,224)</u>	<u>188,977</u>	<u>401,496</u>
Amortisation and depreciation	(98,831)	(146,062)	(171,848)
Unallocated costs	<u>(123,537)</u>	<u>(149,107)</u>	<u>(137,299)</u>
Operating (loss)/profit	<u>(230,592)</u>	<u>(106,192)</u>	<u>92,349</u>
	Total assets		
	31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Hong Kong	322,664	253,390	2,288,560
The PRC	717,825	1,312,496	1,891,392
Taiwan	626,954	987,477	1,077,844
	<u>1,667,443</u>	<u>2,553,363</u>	<u>5,257,796</u>
	Capital expenditure		
	31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Hong Kong	15,832	3,949	34,263
The PRC	43,732	149,565	80,762
Taiwan	3,501	13,184	14,049
	<u>63,065</u>	<u>166,698</u>	<u>129,074</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

4. Operating (loss)/profit

Operating (loss)/profit is stated after charging the following:

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Depreciation	88,266	104,851	106,622
Amortisation			
– Goodwill	20,416	49,514	50,775
– Other non-current assets	383	5,832	31,802
Staff costs (including directors' emoluments) (Note 12)	191,741	285,748	417,354
Cost of inventories	92,175	423,173	537,003
Operating leases			
– Land & buildings	23,906	42,692	41,753
– Other assets	1,448	35,626	46,698
Auditors' remuneration	4,206	4,900	5,000
Loss on disposal of fixed assets	1,102	1,390	10,043
Provision for contract termination	–	20,630	–
Provision for loan to a related company	–	13,260	–
Provision for impairment of investment securities	6,334	–	1,498
	<u>6,334</u>	<u>–</u>	<u>1,498</u>

5. Finance costs

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Interest and borrowing costs on			
bank loans	671	1,847	2,810
Interest and borrowing costs on convertible bonds	–	–	1,718
Interest on other loans, wholly repayable within five years	724	17,232	15,391
	<u>724</u>	<u>17,232</u>	<u>15,391</u>
Total borrowing costs incurred	1,395	19,079	19,919
	<u>1,395</u>	<u>19,079</u>	<u>19,919</u>

6. Provision for impairment of goodwill

The TOM Group performed an assessment of the fair value of goodwill, including goodwill that had previously been eliminated against reserves, at the balance sheet dates. The assessment was based on value in use of the assets as determined at the cash generating unit (the individual business operations) based on the present value of estimated future cash flows. As a result, a provision of HK\$Nil (2002: HK\$197,108,000, 2001: HK\$280,936,000) has been made for impairment of goodwill from acquisition of subsidiaries and jointly controlled entities for the year ended 31 December 2003.

7. Restructuring costs

These represented mainly costs of termination and redundancy incurred in connection with the realignment of resources exercise for the Internet operations.

8. Taxation

The amount of taxation charged to the consolidated profit and loss account represents:

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax	2,496	6,098	26
Overseas taxation	15,342	40,302	20,270
Over-provision in prior years	–	(11,081)	(1,661)
Deferred taxation (Note 28(c))	854	(6,239)	(6,236)
	<u>18,692</u>	<u>29,080</u>	<u>12,399</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)**8. Taxation (continued)**

Hong Kong profits tax has been provided at the rate of 17.5% (2002 and 2001: 16%) on the estimated assessable profits for the year ended 31 December 2003.

Taxation on overseas profits has been calculated on the estimated assessable profits for the Relevant Periods at the rates of taxation prevailing in the countries in which the TOM Group operates.

Taxation on the TOM Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the TOM Group as follows:

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit before taxation	<u>(610,010)</u>	<u>(351,944)</u>	<u>67,866</u>
Calculated at a taxation rate of 17.5% (2002 and 2001: 16%)	(97,602)	(56,311)	11,877
Effect of different taxation rates in other countries	4,292	1,855	(66,799)
Income not subject to taxation	(3,807)	(3,274)	(21,919)
Expenses not deductible for taxation purposes	48,594	42,767	43,061
Utilisation of previously unrecognised tax losses	–	(137)	(3,793)
Tax losses not recognised	66,361	48,850	43,049
Withholding tax	854	6,411	8,584
Over-provision in prior years	–	(11,081)	(1,661)
Taxation charge	<u>18,692</u>	<u>29,080</u>	<u>12,399</u>

9. Loss attributable to shareholders

The net loss of the Company is HK\$21,458,000 (2002: HK\$216,326,000, 2001: HK\$821,189,000) for the year ended 31 December 2003 and is included in determining the (loss)/profit attributable to the shareholders in the consolidated profit and loss accounts. The loss of the Company included a provision for impairment in interests in subsidiaries amounting to HK\$Nil (2002: HK\$197,108,000, 2001: HK\$829,189,000) for the year ended 31 December 2003 (*Note 17*).

10. Dividends

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

11. Loss/(earnings) per share*(a) Basic*

The calculation of basic (loss)/earnings per share is based on the profit attributable to shareholders of HK\$12,598,000 (2002: loss of HK\$409,579,000, 2001: loss of HK\$635,887,000) for the year ended 31 December 2003 and the weighted average of 3,583,805,272 (2002: 3,301,115,146, 2001: 3,215,055,403) ordinary shares in issue during the year ended 31 December 2003.

(b) Diluted

The calculation of diluted earnings per share for the year ended 31 December 2003 is based on the profit attributable to shareholders of HK\$12,598,000 and the weighted average of 3,606,757,274 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares, as if all the outstanding share options granted by the Company had been exercised at the date of issuance and the consideration shares to be issued by the Company for the acquisition of subsidiaries had been issued at the date of acquisition. Since all potential ordinary shares arising from the convertible bonds, if converted into ordinary shares, would increase profit attributable to shareholders per share as a result of the savings on the interest and redemption premium payable and amortisation of borrowing costs, the effects of anti-dilutive potential ordinary shares have not been taken into account in calculating diluted earnings per share.

The exercise of share options granted by the Company would have an anti-dilutive effect on the loss per share for the years ended 31 December 2001 and 2002.

V. NOTES TO THE FINANCIAL INFORMATION (continued)

11. Loss/(earnings) per share (continued)

(c) Reconciliations

	2001 Number of shares	2002 Number of shares	2003 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	3,215,055,403	3,301,115,146	3,583,805,272
Ordinary shares payable for acquisition of subsidiaries	N/A	N/A	19,744,843
Deemed issuance of ordinary shares for nil consideration upon exercise of the options granted under the Schemes	N/A	N/A	3,207,159
	<u>N/A</u>	<u>N/A</u>	<u>3,207,159</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>N/A</u>	<u>N/A</u>	<u>3,606,757,274</u>

12. Staff costs, including directors' emoluments

	Year ended 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Wages and salaries	182,288	274,778	401,819
Pension costs - defined contribution plans	6,288	5,808	7,283
Pension costs - defined benefit plans (Note 27(b))	3,165	5,162	8,252
	<u>191,741</u>	<u>285,748</u>	<u>417,354</u>

The TOM Group's Hong Kong employees are members of a defined benefit retirement scheme. All contributions are made by the TOM Group at either 7.5% or 10% of the employees' basic salaries. Benefits are equal to the vested contribution plus a minimum interest of 5% per annum thereon. Where an employee leaves the scheme before the employer's contribution has fully vested, such forfeited contributions may be used by the employer to reduce its existing level of contributions.

Commencing 1 December 2000, the TOM Group's Hong Kong employees may elect to join the Mandatory Provident Fund. Contributions are made at 5% of an employee's gross salary or HK\$1,000, whichever is lower.

The TOM Group's subsidiaries in the PRC participate in the provincial/municipal retirement schemes managed by the respective provincial/municipal bureau. Pursuant to the relevant provisions, the TOM Group's subsidiaries in the PRC are required to make monthly contributions at rates prevailing in the relevant provinces on the employee's monthly salaries. The bureaux are responsible for pension payments to the retired employees of the TOM Group.

The TOM Group's subsidiaries in Taiwan operate certain retirement schemes providing benefits to all eligible employees based on final pay. The subsidiaries have an obligation to ensure that there are sufficient funds in these plans to pay the benefits earned. The contributions are determined by a qualified actuary in Taiwan. Certain assets of the scheme are deposited with the Central Trust of China in Taiwan and held separately from those of the TOM Group.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

13. Directors' and senior management's emoluments

(a) Directors' emoluments

The aggregate amounts of emoluments payable to directors of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Fees	550	549	585
Basic salaries, housing allowances, other allowances and benefits in kind	7,847	8,427	8,034
Benefit from share options exercised	1,681	–	–
Discretionary bonuses	5,685	3,789	23,038
Contributions to retirement benefit schemes for directors (and past directors) of the Company	468	581	528
	<u>16,231</u>	<u>13,346</u>	<u>32,185</u>

Directors' fees disclosed above include HK\$235,342 (2002: HK\$200,000, 2001: HK\$200,000) paid to independent non-executive directors for the year ended 31 December 2003. The bonus payments to directors are dependent on individual performance and subject to management discretion.

Details of the emoluments of individual directors are as follow:

	Year ended 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Mr. Sing Wang	6,376	7,080	20,637
Ms. Tong Mei Kuen, Tommei	–	–	7,996
Ms. Leung Quan Yue, Michelle	3,462	2,702	811
Mr. Lee Kwok Ming, Don	1,902	2,856	641
Mr. Guy Look	3,941	–	–
Mr. Feng Qi	50	46	–
Mr. Wang Lei Lei	–	162	1,565
Mr. Frank John Sixt	50	50	50
Ms. Chang Pui Vee, Debbie	50	50	50
Mrs. Chow Woo Mo Fong, Susan	50	50	50
Mr. Ip Tak Chuen, Edmond	50	50	50
Mr. Holger Kluge	50	50	50
Mr. James Sha	50	50	50
Mrs. Lee Pui Ling, Angelina	100	100	100
Mr. Cheong Ying Chew, Henry	100	100	100
Ms. Wu Hung Yuk, Anna	–	–	35
	<u>16,231</u>	<u>13,346</u>	<u>32,185</u>

During the Relevant Periods, no emoluments were paid by the TOM Group to the directors as an inducement to join or upon joining the TOM Group or as compensation for loss of office.

There has been no arrangement under which a director has waived or agreed to waive any emoluments for the Relevant Periods.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*13. Directors' and senior management's emoluments *(continued)**(b) Five highest paid individuals*

The five individuals whose emoluments were the highest in the TOM Group are as follows:

	Number of individuals Year ended 31 December		
	2001	2002	2003
Directors	3	3	2
Non-directors	<u>2</u>	<u>2</u>	<u>3</u>

The emoluments payable to the non-director individuals are as follows:

	Year ended 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	2,673	2,691	6,284
Benefit from share options exercised	3,805	5,434	–
Discretionary bonuses	2,286	1,136	4,503
Contributions to retirement benefit schemes	<u>215</u>	<u>199</u>	<u>415</u>
	<u>8,979</u>	<u>9,460</u>	<u>11,202</u>

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December		
	2001	2002	2003
Emolument bands			
HK\$2,500,001 – HK\$3,000,000	–	–	1
HK\$3,500,001 – HK\$4,000,000	–	1	–
HK\$4,000,001 – HK\$4,500,000	1	–	1
HK\$4,500,001 – HK\$5,000,000	1	–	1
HK\$5,500,001 – HK\$6,000,000	<u>–</u>	<u>1</u>	<u>–</u>

The bonus payments to the five highest paid individuals are dependent on individual performance and subject to management discretion.

V. NOTES TO THE FINANCIAL INFORMATION (continued)

14. Fixed assets

	Properties HK\$'000	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Group Outdoor media assets HK\$'000	Other assets HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Cost							
At 1 January 2001	–	34,400	212,604	27,600	21,561	11,233	307,398
Exchange adjustment	–	(98)	(202)	–	(142)	–	(442)
Additions	339	2,762	33,961	442	5,965	5,449	48,918
Acquisition of subsidiaries (Note 33(b))	–	6,744	16,476	27,982	16,633	5,706	73,541
Transfers upon completion	11,719	–	–	8,084	–	(19,803)	–
Disposals	–	(3,700)	(3,387)	(167)	(3,144)	(1,676)	(12,074)
At 31 December 2001	12,058	40,108	259,452	63,941	40,873	909	417,341
Exchange adjustment	(7)	82	199	–	182	–	456
Additions	868	6,313	76,150	14,760	6,483	17,410	121,984
Acquisition of subsidiaries (Note 33(b))	–	1,659	22,436	52,160	12,133	5,945	94,333
Transfers upon completion	–	–	–	14,076	67	(14,143)	–
Disposals	–	(3,649)	(9,146)	(801)	(4,260)	–	(17,856)
Deconsolidation of a subsidiary (Note 33(c))	–	–	(504)	(16,035)	(309)	(8,448)	(25,296)
At 31 December 2002	12,919	44,513	348,587	128,101	55,169	1,673	590,962
Exchange adjustment	(4)	123	351	(24)	266	–	712
Additions	–	10,864	49,697	14,264	7,964	8,958	91,747
Acquisition of subsidiaries (Note 33(b))	–	744	29,691	–	9,168	–	39,603
Transfers upon completion	–	–	33	4,353	–	(4,386)	–
Disposals	–	(3,562)	(5,366)	(18,983)	(1,735)	(10)	(29,656)
Disposal of a subsidiary (Note 33(c))	–	(509)	(16,658)	–	(116)	–	(17,283)
At 31 December 2003	12,915	52,173	406,335	127,711	70,716	6,235	676,085

V. NOTES TO THE FINANCIAL INFORMATION (continued)

14. Fixed assets (continued)

	Properties HK\$'000	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Group Outdoor media assets HK\$'000	Other assets HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Accumulated depreciation and impairment losses							
At 1 January 2001	–	6,615	44,600	13,948	4,335	–	69,498
Exchange adjustment	–	(77)	(99)	–	(66)	–	(242)
Acquisition of subsidiaries (Note 33(b))	–	5,083	8,335	2,158	10,193	–	25,769
Charge for the year	131	5,096	69,641	6,795	6,603	–	88,266
Impairment charge	–	6,930	39,790	–	2,820	–	49,540
Disposals	–	(1,593)	(1,836)	(140)	(2,551)	–	(6,120)
At 31 December 2001	131	22,054	160,431	22,761	21,334	–	226,711
Exchange adjustment	1	47	101	–	67	–	216
Acquisition of subsidiaries (Note 33(b))	–	769	12,911	8,480	5,966	–	28,126
Charge for the year	260	6,750	77,201	13,941	6,699	–	104,851
Disposals	–	(3,494)	(7,013)	(564)	(3,972)	–	(15,043)
Deconsolidation of a subsidiary (Note 33(c))	–	–	(341)	(4,381)	(45)	–	(4,767)
At 31 December 2002	392	26,126	243,290	40,237	30,049	–	340,094
Exchange adjustment	1	21	233	–	206	–	461
Acquisition of subsidiaries (Note 33(b))	–	108	14,158	–	4,232	–	18,498
Charge for the year	491	9,637	74,710	13,831	7,953	–	106,622
Disposals	–	(2,892)	(4,627)	(9,854)	(978)	–	(18,351)
Disposal of a subsidiary (Note 33(c))	–	(506)	(15,677)	–	(62)	–	(16,245)
At 31 December 2003	884	32,494	312,087	44,214	41,400	–	431,079
Net book value							
At 31 December 2001	<u>11,927</u>	<u>18,054</u>	<u>99,021</u>	<u>41,180</u>	<u>19,539</u>	<u>909</u>	<u>190,630</u>
At 31 December 2002	<u>12,527</u>	<u>18,387</u>	<u>105,297</u>	<u>87,864</u>	<u>25,120</u>	<u>1,673</u>	<u>250,868</u>
At 31 December 2003	<u>12,031</u>	<u>19,679</u>	<u>94,248</u>	<u>83,497</u>	<u>29,316</u>	<u>6,235</u>	<u>245,006</u>

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*14. Fixed assets *(continued)*

The TOM Group's interests in properties at their net book values are analysed as follows:

	2001 HK\$'000	Group 31 December 2002 HK\$'000	2003 HK\$'000
Outside Hong Kong, held on			
Leases of over 50 years	11,719	12,340	11,866
Leases of between 10 to 50 years	208	187	165
	<u>11,927</u>	<u>12,527</u>	<u>12,031</u>

15. Other non-current assets

	2001 HK\$'000	Group 31 December 2002 HK\$'000	2003 HK\$'000
Concession rights <i>(Note a)</i>	13,764	43,348	40,164
Copyrights <i>(Note a)</i>	–	39,523	18,634
Licence rights <i>(Note a)</i>	–	–	27,300
Publishing rights <i>(Note a)</i>	–	1,911	1,119
Purchased programme and film rights <i>(Note a)</i>	–	–	1,987
Long-term receivable <i>(Note 22(b))</i>	–	–	101,400
Deferred expenses	–	–	34,539
Loan to a related company <i>(Note b)</i>	13,260	–	–
Pension assets <i>(Note 27(a))</i>	–	1,349	440
Deferred tax assets <i>(Note 28(a))</i>	–	12,650	27,794
	<u>27,024</u>	<u>98,781</u>	<u>253,377</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

15. Other non-current assets (continued)

Note:

- (a) Movement in concession rights, copyrights, licence rights, publishing rights and purchased programme and film rights is set out below:

	Group					
	Concession rights HK\$'000	Copyrights HK\$'000	Licence rights HK\$'000	Publishing rights HK\$'000	Purchased programme and film rights HK\$'000	Total HK\$'000
Cost						
At 1 January 2001	–	–	–	–	–	–
Additions	14,147	–	–	–	–	14,147
At 31 December 2001	14,147	–	–	–	–	14,147
Additions	9,622	32,359	–	2,733	–	44,714
Acquisition of subsidiaries (Note 33(b))	26,062	8,457	–	–	–	34,519
At 31 December 2002	49,831	40,816	–	2,733	–	93,380
Exchange adjustment	–	–	–	45	–	45
Additions	7,537	567	27,300	–	1,923	37,327
Acquisition of subsidiaries (Note 33(b))	–	–	–	–	85,578	85,578
Disposals	(1,795)	(3,550)	–	–	–	(5,345)
At 31 December 2003	55,573	37,833	27,300	2,778	87,501	210,985
Accumulated amortisation						
At 1 January 2001	–	–	–	–	–	–
Amortisation charge for the year	383	–	–	–	–	383
At 31 December 2001	383	–	–	–	–	383
Acquisition of subsidiaries (Note 33(b))	1,386	997	–	–	–	2,383
Amortisation charge for the year	4,714	296	–	822	–	5,832
At 31 December 2002	6,483	1,293	–	822	–	8,598
Exchange adjustment	–	–	–	20	–	20
Acquisition of subsidiaries (Note 33(b))	–	–	–	–	81,603	81,603
Amortisation charge for the year	9,168	17,906	–	817	3,911	31,802
Disposals	(242)	–	–	–	–	(242)
At 31 December 2003	15,409	19,199	–	1,659	85,514	121,781
Net book value						
At 31 December 2001	13,764	–	–	–	–	13,764
At 31 December 2002	43,348	39,523	–	1,911	–	84,782
At 31 December 2003	40,164	18,634	27,300	1,119	1,987	89,204

V. NOTES TO THE FINANCIAL INFORMATION (continued)

15. Other non-current assets (continued)

Note: (continued)

- (b) This represented a loan to a minority shareholder of a subsidiary, which was interest bearing at Hong Kong prime rate per annum, repayable by 31 December 2003 and secured by the pledge of the minority shareholder's interests in the subsidiary and a corporate guarantee provided by the minority's shareholder. The loan was subsequently fully provided for in 2002.

16. Goodwill

	2001	Group 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000
Cost			
At 1 January	319,737	767,284	1,516,346
Exchange adjustment	(21)	13	21
Additions (Note 33(b))	446,240	749,049	135,603
Acquisition of subsidiaries (Note 33(b))	1,328	–	–
Consideration adjustment for acquisition of a subsidiary	–	–	49,726
At 31 December	767,284	1,516,346	1,701,696
Accumulated amortisation and impairment losses			
At 1 January	25,914	327,265	562,447
Exchange adjustment	(1)	–	8
Amortisation charge for the year	20,416	49,514	50,775
Impairment charge	280,936	185,668	–
At 31 December	327,265	562,447	613,230
Net book value			
At 31 December	440,019	953,899	1,088,466
Represented by:			
Goodwill	440,019	953,899	1,100,471
Negative goodwill (Note)	–	–	(12,005)
	440,019	953,899	1,088,466

Note:

On 19 November 2003, the TOM Group completed the acquisition of 100% beneficial interest in Beijing Leitingwuji Network Technology Limited ("LTWJi") through the acquisition of the entire share capital of Puccini International Limited ("Puccini" and collectively referred to as the "Puccini Group"), subject to a maximum amount of US\$150 million (approximately HK\$1,170 million). According to the sale and purchase agreement entered into between the TOM Group and Cranwood Company Limited ("Cranwood"), a substantial shareholder of the Company, the consideration for the acquisition of Puccini should equal the valuation of the Puccini Group, which is determined based on 7.7 times the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004; or in the event that the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004 is less than an amount equal to 1.2 times the audited consolidated net profit of the Puccini Group for the year ended 31 December 2003, an amount equal to 6 times the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004.

The directors of the Company consider that it is impractical to estimate the acquisition consideration with reliability and as such have not recorded any consideration as cost of investment at 31 December 2003. The fair value of the TOM Group's share of the Puccini Group's net assets as at the date of acquisition, net of the estimated acquisition expenses, has been recorded as negative goodwill. Once the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004 is concluded and the consideration for the acquisition of Puccini is determined, the goodwill will be adjusted accordingly.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

17. Interests in subsidiaries

	2001	Company 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000
Investments at cost - unlisted shares	1	1	234,001
Amounts due from subsidiaries	3,523,603	4,610,042	6,340,491
Amounts due to subsidiaries	(16,639)	(1,275)	(1,185,510)
Less: provisions	(1,989,966)	(2,187,074)	(2,187,074)
	<u>1,516,999</u>	<u>2,421,694</u>	<u>3,201,908</u>

The amounts due from and to subsidiaries are unsecured, interest free and with no fixed terms of repayment.

The list of the principal subsidiaries of the TOM Group as at 31 December 2003 is set out in Note 38.

18. Interests in jointly controlled entities

	2001	Group 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000
Share of net assets - unlisted shares	47,272	35,510	15,018
Goodwill on acquisition less accumulated amortisation and impairment losses	<u>11,956</u>	<u>—</u>	<u>—</u>
	59,228	35,510	15,018
Loans to jointly controlled entities	87,755	—	—
Less: provisions	<u>(21,351)</u>	<u>—</u>	<u>—</u>
	<u>125,632</u>	<u>35,510</u>	<u>15,018</u>

The list of the principal jointly controlled entities of the TOM Group as at 31 December 2003 is set out in Note 38.

The loans to jointly controlled entities as at 31 December 2001 were unsecured, of which HK\$53,926,000 was interest free and repayable on demand, and the remaining balances of HK\$33,829,000 were interest bearing at rates ranging from 6% to 6.5% per annum and repayable on or before 30 April 2011.

During the year ended 31 December 2002, a jointly controlled entity was reclassified as an investment security since the TOM Group no longer has significant influence on the entity's operations. The loans to the entity as at 31 December 2002 amounting to HK\$61,292,000, net of provisions, were transferred to loans and advances to investee companies (*Note 20*).

19. Interests in associated companies

	2001	Group 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000
Share of net assets - unlisted shares	<u>3,741</u>	<u>4,601</u>	<u>4,586</u>

The list of the principal associated companies of the TOM Group as at 31 December 2003 is set out in Note 38.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

20. Investment securities

	2001 HK\$'000	Group 31 December 2002 HK\$'000	2003 HK\$'000
Listed debt securities outside Hong Kong, at market value	–	–	1,474,632
Unlisted equity securities outside Hong Kong, at fair value	37,005	35,265	28,860
Loans and advances to investee companies	–	91,141	91,144
	<u>37,005</u>	<u>126,406</u>	<u>1,594,636</u>

The loans and advances to investee companies as at 31 December 2003 were unsecured, of which amounts totalling HK\$30,069,000 (2002 and 2001: HK\$30,069,000 and HK\$Nil, respectively) were interest bearing at rates ranging from 6% to 6.5% per annum and were repayable on or before 30 April 2011. The remaining balances were interest free and repayable on demand.

The list of the principal investment securities of the TOM Group as at 31 December 2003 is set out in Note 38.

21. Inventories

	2001 HK\$'000	Group 31 December 2002 HK\$'000	2003 HK\$'000
Merchandise	1,949	10,503	6,106
Finished goods	77,932	82,566	80,092
Raw materials	1,078	5,597	4,932
Work in progress	11,717	9,594	11,106
	<u>92,676</u>	<u>108,260</u>	<u>102,236</u>

As at 31 December 2003, the carrying amount of inventories that are carried at net realisable value amounted to HK\$Nil (2002: HK\$Nil, 2001: HK\$77,000).

22. Trade and other receivables

	Group 31 December			Company 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Trade receivables (<i>Note a</i>)	257,836	380,954	662,626	–	–	–
Less: amount due after one year (<i>Note 15 and Note b</i>)	–	–	(101,400)	–	–	–
Amount receivable within one year	257,836	380,954	561,226	–	–	–
Prepayments, deposits and other receivables (<i>Note c</i>)	258,995	264,191	508,682	23,552	20,961	29,313
	<u>516,831</u>	<u>645,145</u>	<u>1,069,908</u>	<u>23,552</u>	<u>20,961</u>	<u>29,313</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

22. Trade and other receivables (continued)

Note:

- (a) Majority of the TOM Group's turnover is on open account terms and in accordance with terms specified in the contracts governing the relevant transactions.

The ageing analysis of the TOM Group's trade receivables is as follows:

	2001	Group 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000
Current	102,462	201,788	364,306
31 – 60 days	39,116	75,721	125,121
61 – 90 days	27,470	37,548	82,197
Over 90 days	88,788	65,897	91,002
	<u>257,836</u>	<u>380,954</u>	<u>662,626</u>

Included in trade receivables are amounts receivable from related companies as follows:

	2001	Group 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000
HWL and CKH, substantial shareholders of the Company	–	674	1,556
Minority shareholders of subsidiaries of the TOM Group	–	33,245	85,866
Shareholders of investee companies	7,833	7,833	–
An associated company	–	–	244
An investee company	–	–	69
	<u>7,833</u>	<u>41,752</u>	<u>87,735</u>

- (b) The balance represents trade receivable which is due between 2005 and 2008.
- (c) Included in the TOM Group's prepayments, deposits and other receivables are balances with related companies as follows:

	2001	Group 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000
Jointly controlled entities	10,308	1,706	1,835
Associated companies	516	68	189
Related companies			
– HWL, CKH and Cranwood	10,147	3,546	476
– Minority shareholders of subsidiaries of the TOM Group	8,461	39,628	43,654
– Shareholders of investee companies	–	–	7,833
	<u>29,432</u>	<u>44,948</u>	<u>53,987</u>

The balances due from jointly controlled entities, associated companies and related companies represent expenses paid by the TOM Group on behalf of these companies and are unsecured, interest free and repayable on demand.

V. NOTES TO THE FINANCIAL INFORMATION (continued)

23. Consideration payables

	Group and Company 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Acquisition of subsidiaries (Note a)	94,729	367,148	183,771
Acquisition of an investment security (Note b)	195,000	195,000	195,000
	<u>289,729</u>	<u>562,148</u>	<u>378,771</u>
Represented by:			
– Current	268,609	431,478	367,211
– Non-current	21,120	130,670	11,560
	<u>289,729</u>	<u>562,148</u>	<u>378,771</u>

Note:

- (a) This represents consideration payables with respect to the acquisition of subsidiaries that will be satisfied by cash and/or the issuance of shares of the Company pursuant to the terms of the respective acquisition agreements.
- (b) This represents the balance of the consideration payable with respect to the acquisition of a 50% equity interest of Shanghai Maya Online Broadband Network Company Limited. The directors of the Company intend to issue equity shares to settle the consideration payable, subject to further negotiation in respect of share price and time schedule.

24. Trade and other payables

	Group 31 December			Company 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Trade payables (Note a)	188,568	207,069	290,451	–	–	–
Less: amount due after one year (Note b and Note 26)	–	–	(46,800)	–	–	–
Amount payable within one year	188,568	207,069	243,651	–	–	–
Other payables and accruals (Note c)	283,513	390,969	659,584	20,133	5,487	8,993
	<u>472,081</u>	<u>598,038</u>	<u>903,235</u>	<u>20,133</u>	<u>5,487</u>	<u>8,993</u>

Note:

- (a) The ageing analysis of the TOM Group's trade payables is as follows:

	Group 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Current	102,496	86,554	156,576
31 - 60 days	20,177	31,278	43,324
61 - 90 days	21,208	26,382	26,188
Over 90 days	44,687	62,855	64,363
	<u>188,568</u>	<u>207,069</u>	<u>290,451</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

24. Trade and other payables (continued)

(b) The balance represents trade payables which are due between 2005 and 2008.

(c) Included in the TOM Group's other payables and accruals are balances with related companies as follows:

	2001	Group 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000
Associated companies	1,112	–	–
A jointly controlled entity	–	–	2,912
Related companies			
– HWL, CKH and Cranwood	5,006	6,414	1,612
– Minority shareholders of subsidiaries of the TOM Group	–	50,258	58,498
	<u>6,118</u>	<u>56,672</u>	<u>63,022</u>

The amounts due to associated companies, a jointly controlled entity and related companies represent expenses paid on behalf of the TOM Group by certain associated companies, a jointly controlled entity and related companies and are unsecured, interest free and repayable on demand.

25. Short-term loans

	2001	Group 31 December 2002	2003	2001	Company 31 December 2002	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans						
Secured	29,979	3,164	1,692	–	–	–
Unsecured	2,522	9,400	31,070	–	–	–
	<u>32,501</u>	<u>12,564</u>	<u>32,762</u>	<u>–</u>	<u>–</u>	<u>–</u>
Other loans						
Secured	13,486	876	–	–	–	–
Unsecured	2,418	898	–	–	–	–
	<u>15,904</u>	<u>1,774</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loans from shareholders (Note)	<u>–</u>	<u>–</u>	<u>850,000</u>	<u>–</u>	<u>–</u>	<u>850,000</u>
	<u>48,405</u>	<u>14,338</u>	<u>882,762</u>	<u>–</u>	<u>–</u>	<u>850,000</u>

Note:

These represented unsecured loans from the substantial shareholders of the Company, HWL, CKH and Cranwood, in the amounts of HK\$340,000,000 (2002 and 2001: HK\$340,000,000 and HK\$40,000,000 respectively), HK\$170,000,000 (2002 and 2001: HK\$170,000,000 and HK\$20,000,000 respectively) and HK\$340,000,000 (2002 and 2001: HK\$340,000,000 and HK\$40,000,000 respectively) respectively. The TOM Group was granted unsecured loan facilities of up to an aggregate of HK\$850,000,000 at interest rate of 50 basis points over 3 months Hong Kong Interbank Offered Rate ("HIBOR") per annum. The loans are repayable on or before 10 December 2004. The Group has determined to fully repay these loans prior to the date on which dealings in the Company's shares on the Main Board of the Stock Exchange through the utilisation of the TOM Group's banking facilities.

V. NOTES TO THE FINANCIAL INFORMATION (continued)

26. Other non-current liabilities

	Group 31 December			Company 31 December		
	2001	2002	2003	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Long-term bank loans (Note a)	2,223	2,243	1,675	–	–	–
Convertible bonds (Note b)	–	–	1,170,753	–	–	–
Loans from shareholders (Note 25 and Note c)	100,000	850,000	–	100,000	850,000	–
Loans from minority shareholders (Note d)	1,866	3,850	–	–	–	–
Long-term payable (Note 24(b))	–	–	46,800	–	–	–
Pension obligations (Note 27(a))	10,653	18,566	20,243	–	–	–
	<u>114,742</u>	<u>874,659</u>	<u>1,239,471</u>	<u>100,000</u>	<u>850,000</u>	<u>–</u>

Note:

(a) Long-term bank loans

	Group 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Secured	14,451	559	575
Unsecured	–	2,245	1,710
	<u>14,451</u>	<u>2,804</u>	<u>2,285</u>
Less: current portion of long-term bank loans	(12,228)	(561)	(610)
	<u>2,223</u>	<u>2,243</u>	<u>1,675</u>
The bank loans are repayable as follows:			
Within one year	12,228	561	610
In the second year	2,223	40	610
In the third to fifth year	–	1,804	610
After the fifth year	–	399	455
	<u>14,451</u>	<u>2,804</u>	<u>2,285</u>

(b) Convertible bonds

On 28 November 2003, a wholly-owned subsidiary of the Company issued convertible bonds (the “Convertible Bonds”) in the aggregate principal amount of US\$150 million (approximately HK\$1,170 million), which are unconditionally and irrevocably guaranteed by the Company, and are convertible into ordinary shares of par value HK\$0.10 each (the “Shares”) of the Company. The Convertible Bonds bear interest at the rate of 0.5% per annum on the principal amount of each Convertible Bond, payable semi-annually in arrear from 28 November 2003 up to but excluding 28 November 2008.

The Convertible Bonds are convertible at any time on and after 8 January 2004 up to the close of business on 14 November 2008 into the Shares at an initial conversion price of HK\$3.315 per share, subject to adjustment.

The subsidiary may, subject to certain conditions, on or at any time after 13 December 2006 and prior to 28 November 2008, redeem all, or from time to time, redeem some of the Convertible Bonds, at principal plus a fixed return of 1.25% per annum from 28 November 2003 to the redemption date.

Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed at 103.86% of the principal amount, plus any accrued interest on 28 November 2008.

During the Relevant Periods, no Convertible Bonds were converted or redeemed.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*26. Other non-current liabilities *(continued)**(c) Loans from shareholders*

	Group and Company 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
HWL (Note 25)	40,000	340,000	—
CKH (Note 25)	20,000	170,000	—
Cranwood (Note 25)	40,000	340,000	—
	<u>100,000</u>	<u>850,000</u>	<u>—</u>

(d) Loans from minority shareholders

The loans from minority shareholders are unsecured, interest free and not repayable within the next twelve months from the balance sheet date. The loans were fully repaid in 2003.

27. Pension assets and obligations

The TOM Group operates certain defined benefit pension plans in Hong Kong and Taiwan. These pension plans are either final salary defined benefit plans or with minimum guaranteed return rate on plan assets. The assets of the funded plans are generally held independently of the TOM Group's assets in separate trustee administered funds. The TOM Group's major plans are valued by qualified actuaries annually using the projected unit credit method. Defined benefit plans as at 31 December 2003 in Hong Kong and Taiwan were valued by Watson Wyatt Hong Kong Limited and KPMG Business Advisory Services Company Limited, respectively.

(a) The pension assets/obligations recognised in the balance sheet are determined as follows:

	Group 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Present value of funded obligations	12,569	29,805	35,152
Fair value of plan assets	(1,472)	(9,536)	(15,937)
Deficits	11,097	20,269	19,215
Unrecognised actuarial (losses)/gains	(444)	(3,052)	588
Recognised in the balance sheet	<u>10,653</u>	<u>17,217</u>	<u>19,803</u>
Represented by:			
Pension assets			
<i>(Note 15 and Note c)</i>	—	(1,349)	(440)
Pension obligations			
<i>(Note 26 and Note d)</i>	10,653	18,566	20,243
	<u>10,653</u>	<u>17,217</u>	<u>19,803</u>

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*27. Pension assets and obligations *(continued)*

(b) The amounts recognised in the profit and loss account are as follows:

	2001	Group 31 December 2002	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current service cost	2,647	5,860	7,666
Interest cost	534	984	1,213
Expected return on plan assets	(59)	(596)	(762)
Net actuarial losses recognised	43	48	135
Recognition of transitional liability	–	(1,134)	–
	<u>3,165</u>	<u>5,162</u>	<u>8,252</u>
Total, included in staff costs <i>(Note 12)</i>			
Represented by:			
Pension assets <i>(Note c)</i>	–	913	2,856
Pension obligations <i>(Note d)</i>	3,165	4,249	5,396
	<u>3,165</u>	<u>5,162</u>	<u>8,252</u>
Actual return on plan assets:			
Recognised as an asset	16	–	–
Recognised as a liability	–	407	803

(c) Movements in the pension assets recognised in the balance sheet are as follows:

	2001	Group 31 December 2002	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	–	–	(1,349)
Total expenses <i>(Note b)</i>	–	913	2,856
Contributions paid	–	(2,262)	(1,947)
	<u>–</u>	<u>(1,349)</u>	<u>(440)</u>
At 31 December			

(d) Movements in the pension obligations recognised in the balance sheet are as follows:

	2001	Group 31 December 2002	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	–	10,653	18,566
Acquisition of subsidiaries <i>(Note 33(b))</i>	8,080	4,795	–
Total expenses <i>(Note b)</i>	3,165	4,249	5,396
Contributions paid	(592)	(1,131)	(3,719)
	<u>10,653</u>	<u>18,566</u>	<u>20,243</u>
At 31 December			

V. NOTES TO THE FINANCIAL INFORMATION (continued)

27. Pension assets and obligations (continued)

(e) The principal actuarial assumptions used are as follows:

	2001 HK\$'000	Group 31 December 2002 HK\$'000	2003 HK\$'000
Discount rate	4.25%	4% - 5%	3.5% - 4.75%
Expected rate of return on plan assets	4%	3.25% - 8%	3.5% - 8%
Expected rate of future salary increases	3%	3% - 5%	2.5% - 3%

28. Deferred taxation

(a) Deferred tax assets

	2001 HK\$'000	Group 31 December 2002 HK\$'000	2003 HK\$'000
At 1 January	–	–	12,650
Exchange adjustment	–	–	324
Credited to profit and loss account (Note c)	–	12,650	14,820
At 31 December	–	12,650	27,794
Amount to be recovered after more than one year	–	–	300

(b) Deferred tax liabilities

	2001 HK\$'000	Group 31 December 2002 HK\$'000	2003 HK\$'000
At 1 January	–	2,721	9,147
Exchange adjustment	(20)	15	151
Acquisition of subsidiaries (Note 33(b))	1,887	–	–
Charged to profit and loss account (Note c)	854	6,411	8,584
At 31 December	2,721	9,147	17,882
Amount to be payable after more than one year	2,721	9,147	17,882

(c) Deferred taxation charged/(credited) to profit and loss account

	2001 HK\$'000	Group 31 December 2002 HK\$'000	2003 HK\$'000
Deferred tax assets (Note a)	–	(12,650)	(14,820)
Deferred tax liabilities (Note b)	854	6,411	8,584
Deferred taxation charged/(credited) to profit and loss account (Note 8)	854	(6,239)	(6,236)

V. NOTES TO THE FINANCIAL INFORMATION (continued)

28. Deferred taxation (continued)

- (d) Movements in deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) during the Relevant Periods

Deferred tax assets	Tax losses HK\$'000	Group Others HK\$'000	Total HK\$'000
At 1 January 2001	18,447	–	18,447
Charged to profit and loss account	(9,495)	–	(9,495)
At 31 December 2001	8,952	–	8,952
(Charged)/credited to profit and loss account	(7,464)	12,650	5,186
At 31 December 2002	1,488	12,650	14,138
Exchange adjustment	24	300	324
Credited to profit and loss account	728	12,604	13,332
At 31 December 2003	2,240	25,554	27,794

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The TOM Group has unrecognised tax losses of HK\$2,230,268,000 as at 31 December 2003 (2002 and 2001: HK\$1,224,543,000 and HK\$919,233,000, respectively) to carry forward against future taxable income. The tax losses will expire according to the prevailing tax laws and regulations in the countries in which the TOM Group operates.

Deferred tax liabilities	Accelerated tax depreciation HK\$'000	Group Others HK\$'000	Total HK\$'000
At 1 January 2001	18,447	–	18,447
Exchange adjustment	–	(20)	(20)
Acquisition of subsidiaries (Note 33(b))	–	1,887	1,887
(Credited)/charged to profit and loss account	(9,495)	854	(8,641)
At 31 December 2001	8,952	2,721	11,673
Exchange adjustment	–	15	15
(Credited)/charged to profit and loss account	(7,464)	6,411	(1,053)
At 31 December 2002	1,488	9,147	10,635
Exchange adjustment	–	151	151
(Credited)/charged to profit and loss account	(1,488)	8,584	7,096
At 31 December 2003	–	17,882	17,882

Deferred tax liabilities of HK\$69,389,000 as at 31 December 2003 (2002 and 2001: HK\$24,121,000 and HK\$4,827,000, respectively) have not been established for the withholding and other taxation that would be payable on the undistributed earnings of certain subsidiaries since the TOM Group has determined that the earnings of the subsidiaries will not be distributed in the foreseeable future. Such undistributed earnings totalled HK\$346,945,000 as at 31 December 2003 (2002 and 2001: HK\$120,603,000 and HK\$24,133,000, respectively).

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*28. Deferred taxation *(continued)*

- (d) Movements in deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) during the Relevant Periods *(continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	Group 31 December		
	2001	2002	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax assets	–	12,650	27,794
Deferred tax liabilities	(2,721)	(9,147)	(17,882)
	<u>(2,721)</u>	<u>3,503</u>	<u>9,912</u>

29. Share capital

Company – Authorised

	Ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 31 December 2001, 2002 and 2003	<u>5,000,000,000</u>	<u>500,000</u>

Company – Issued and fully paid

	Ordinary shares of HK\$0.1 each	
	<i>No. of shares</i>	<i>HK\$'000</i>
At 1 January 2001	3,159,390,899	315,939
Issuance of shares <i>(Note (a) and (b))</i>	<u>118,254,909</u>	<u>11,826</u>
At 31 December 2001	<u>3,277,645,808</u>	<u>327,765</u>
At 1 January 2002	3,277,645,808	327,765
Issuance of shares <i>(Note (c) and (d))</i>	<u>44,220,150</u>	<u>4,422</u>
At 31 December 2002	<u>3,321,865,958</u>	<u>332,187</u>
At 1 January 2003	3,321,865,958	332,187
Issuance of shares <i>(Note (e) and (f))</i>	<u>556,395,859</u>	<u>55,640</u>
At 31 December 2003	<u>3,878,261,817</u>	<u>387,827</u>

V. NOTES TO THE FINANCIAL INFORMATION *(continued)***29. Share capital** *(continued)*

Note:

- (a) On 13 February, 7 November and 8 December 2001, 6,054,000, 600,000 and 600,000 ordinary shares were allotted and issued at HK\$1.78 each pursuant to the exercise of share options by the past directors of the Company, respectively.
- (b) On 12 March, 31 October, 30 November and 8 December 2001, 53,504,776, 23,898,225, 31,100,908 and 2,497,000 ordinary shares were allotted and booked at prices ranging between HK\$1.795 and HK\$5.51 per share as part of the considerations for the acquisitions of subsidiaries, respectively.
- (c) On 7 January, 21 February, 13 March, 15 March, and 14 June 2002, 3,632,000, 908,000, 3,340,000, 2,724,000 and 450,000 ordinary shares were allotted and issued at HK\$1.78 each pursuant to the Pre-IPO Share Option Plan, respectively.
- (d) On 7 February, 24 May, 20 September, 18 October and 9 December 2002, 4,300,000, 7,833,977, 18,299,238, 235,935 and 2,497,000 ordinary shares were allotted and booked at prices ranging between HK\$1.85 and HK\$5.5 per share, which were the fair value calculated based on the average closing price quoted on the Stock Exchange for the calendar month immediately prior to the date of acquisitions or the closing price quoted on the Stock Exchange at the date of acquisition, where applicable, as part of the considerations for the acquisition of subsidiaries, respectively.
- (e) On 30 January, 14 May, 30 May, 24 July, 31 July, 15 September, 16 September, 14 November and 28 November 2003, 13,101,798, 4,332,312, 6,736,576, 28,346,808, 1,319,998, 21,250,000, 9,736,888, 18,432,542 and 3,138,937 ordinary shares were allotted and booked at prices ranging between HK\$2.1 and HK\$4.039 per share, which were the fair value calculated based on the average closing price quoted on the Stock Exchange for the calendar month immediately prior to the date of acquisition or the closing price quoted on the Stock Exchange at the date of acquisition, where applicable, as part of the considerations for the acquisition of subsidiaries, respectively.
- (f) On 8 July 2003, 450,000,000 shares were allotted and issued to independent third parties at a price of HK\$2.3 each pursuant to a placing and subscription agreement.

30. Share option schemes

Pursuant to written resolutions of the shareholders of the Company dated 11 February 2000, two share option schemes namely, Pre-IPO Share Option Plan (the "Pre-IPO Share Option Plan") and the Employee Share Option Scheme (as amended by an addendum on 24 April 2002) (the "Share Option Scheme"), were adopted by the Company.

Pursuant to the Pre-IPO Share Option Plan, the Company may grant options to any full-time employee of the Company or of its subsidiaries or of HWL or any subsidiary of HWL to subscribe for shares in the Company. However, save for the options which have been granted on 11 February 2000, no further options may be granted upon the listing of the shares of the Company on the GEM of the Stock Exchange on 1 March 2000. The subscription price per share under the Pre-IPO Share Option Plan is HK\$1.78 and the options have vested in three tranches in the proportion of 20%:30%:50% on 11 February 2001, 2002 and 2003, respectively.

Pursuant to the Share Option Scheme, the Board may, at its discretion, invite any participant (including any employee and director of the TOM Group and of any company in which the TOM Group owns or controls 20% or more of its voting rights and/or issued share capital, business associate and trustee) to take up options to subscribe for shares in the Company. The options granted under the Share Option Scheme can be exercised at prices ranging from HK\$2.505 to HK\$11.3 per share at any time within the option period of ten years from the respective dates of grant, provided that the options have been vested. Generally, the options are vested in different tranches and may be exercised within the option period unless they are cancelled.

The maximum number of shares in respect of which options may be granted under the Schemes shall not exceed 329,254,980 shares, being 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*30. Share option schemes *(continued)*

Details of share options are as follows:

	2001		31 December 2002		2003	
	Number of share options		Number of share options		Number of share options	
	Pre-IPO Share Option Plan	Share Option Scheme	Pre-IPO Share Option Plan	Share Option Scheme	Pre-IPO Share Option Plan	Share Option Scheme
Outstanding at 1 January	48,426,000	152,088,000	36,330,000	121,824,000	16,196,000	109,504,000
Granted	–	–	–	64,230,000	–	106,541,000
Exercised	(4,832,000)	–	(7,422,000)	–	–	–
Lapsed	(7,264,000)	(30,264,000)	(12,712,000)	(12,926,000)	–	(4,694,000)
Cancelled	–	–	–	(63,624,000)	–	(25,072,000)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Outstanding at 31 December	<u>36,330,000</u>	<u>121,824,000</u>	<u>16,196,000</u>	<u>109,504,000</u>	<u>16,196,000</u>	<u>186,279,000</u>

Details of share options granted under the Share Option Scheme during the Relevant Periods:

Number of options granted	–	–	–	64,230,000	–	106,541,000
Expiry date of options granted	–	–	–	6 February 2012	–	8 October 2013
Subscription price per share	<u>–</u>	<u>–</u>	<u>–</u>	<u>HK\$3.76</u>	<u>–</u>	<u>HK\$2.505</u>

Terms of the share options outstanding at 31 December are:

Expiry date	Subscription price	2001	2002	2003
10 February – 14 November 2010	HK\$1.78 – HK\$11.30	158,154,000	62,476,000	58,424,000
6 February 2012	HK\$3.76	–	63,224,000	37,810,000
8 October 2013	HK\$2.505	–	–	106,241,000
		<u>158,154,000</u>	<u>125,700,000</u>	<u>202,475,000</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

31. Reserves

(a) Group

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Exchange difference HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2001	1,813,482	(377)	776	–	(28)	(1,342,735)	471,118
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	405,280	–	–	–	–	–	405,280
Exercise of share options, net of issuing expenses	12,187	–	–	–	–	–	12,187
Disposal of a subsidiary	150	–	–	–	–	–	150
Loss for the year	–	–	–	–	–	(635,887)	(635,887)
Transfer to general reserve	–	–	–	139	–	(139)	–
Exchange difference	–	–	–	–	(519)	–	(519)
At 31 December 2001	<u>2,231,099</u>	<u>(377)</u>	<u>776</u>	<u>139</u>	<u>(547)</u>	<u>(1,978,761)</u>	<u>252,329</u>
Analysed by:							
Company and subsidiaries	2,231,099	(377)	776	139	(512)	(1,917,321)	313,804
Jointly controlled entities	–	–	–	–	(35)	(52,046)	(52,081)
Associated companies	–	–	–	–	–	(9,394)	(9,394)
At 31 December 2001	<u>2,231,099</u>	<u>(377)</u>	<u>776</u>	<u>139</u>	<u>(547)</u>	<u>(1,978,761)</u>	<u>252,329</u>
At 1 January 2002	2,231,099	(377)	776	139	(547)	(1,978,761)	252,329
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	84,280	–	–	–	–	–	84,280
Exercise of share options, net of issuing expenses	18,537	–	–	–	–	–	18,537
Loss for the year	–	–	–	–	–	(409,579)	(409,579)
Transfer to general reserve	–	–	–	204	–	(204)	–
Exchange difference	–	–	–	–	(255)	–	(255)
At 31 December 2002	<u>2,333,916</u>	<u>(377)</u>	<u>776</u>	<u>343</u>	<u>(802)</u>	<u>(2,388,544)</u>	<u>(54,688)</u>
Analysed by:							
Company and subsidiaries	2,333,916	(377)	776	343	(802)	(2,374,464)	(40,608)
Jointly controlled entities	–	–	–	–	–	(9,652)	(9,652)
Associated companies	–	–	–	–	–	(4,428)	(4,428)
At 31 December 2002	<u>2,333,916</u>	<u>(377)</u>	<u>776</u>	<u>343</u>	<u>(802)</u>	<u>(2,388,544)</u>	<u>(54,688)</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

31. Reserves (continued)

(a) Group (continued)

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Revaluation reserve HK\$'000	Exchange difference HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2003	2,333,916	(377)	776	343	–	(802)	(2,388,544)	(54,688)
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	321,025	–	–	–	–	–	–	321,025
Placement of shares, net of issuing expenses	951,045	–	–	–	–	–	–	951,045
Investment revaluation surplus	–	–	–	–	5,611	–	–	5,611
Profit for the year	–	–	–	–	–	–	12,598	12,598
Transfer to general reserve	–	–	–	15,201	–	–	(15,201)	–
Exchange difference	–	–	–	35	(1)	2,008	–	2,042
At 31 December 2003	<u>3,605,986</u>	<u>(377)</u>	<u>776</u>	<u>15,579</u>	<u>5,610</u>	<u>1,206</u>	<u>(2,391,147)</u>	<u>1,237,633</u>
Analysed by:								
Company and subsidiaries	3,605,986	(377)	776	15,579	5,610	1,206	(2,380,582)	1,248,198
Jointly controlled entities	–	–	–	–	–	–	(7,960)	(7,960)
Associated companies	–	–	–	–	–	–	(2,605)	(2,605)
At 31 December 2003	<u>3,605,986</u>	<u>(377)</u>	<u>776</u>	<u>15,579</u>	<u>5,610</u>	<u>1,206</u>	<u>(2,391,147)</u>	<u>1,237,633</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

31. Reserves (continued)

(b) Company

	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2001	2,288,126	23,565	776	(1,082,742)	1,229,725
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	405,280	–	–	–	405,280
Exercise of share options, net of issuing expenses	12,187	–	–	–	12,187
Loss for the year	–	–	–	(821,189)	(821,189)
At 31 December 2001	<u>2,705,593</u>	<u>23,565</u>	<u>776</u>	<u>(1,903,931)</u>	<u>826,003</u>
At 1 January 2002	2,705,593	23,565	776	(1,903,931)	826,003
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	84,280	–	–	–	84,280
Exercise of share options, net of issuing expenses	18,537	–	–	–	18,537
Loss for the year	–	–	–	(216,326)	(216,326)
At 31 December 2002	<u>2,808,410</u>	<u>23,565</u>	<u>776</u>	<u>(2,120,257)</u>	<u>712,494</u>
At 1 January 2003	2,808,410	23,565	776	(2,120,257)	712,494
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	321,025	–	–	–	321,025
Placement of shares, net of issuing expenses	951,045	–	–	–	951,045
Loss for the year	–	–	–	(21,458)	(21,458)
At 31 December 2003	<u>4,080,480</u>	<u>23,565</u>	<u>776</u>	<u>(2,141,715)</u>	<u>1,963,106</u>

Note:

- (a) The TOM Group's share premium account includes share premium derived by a subsidiary of the TOM Group in Hong Kong amounting to HK\$61,840,000, which is restricted from distribution to shareholders of the Company according to the Hong Kong Companies Ordinance. The remaining balance of the share premium account is distributable to shareholders of the Company under the Companies Law of the Cayman Islands, provided that immediately following the date on which the dividends is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.
- (b) The Company's reserves available for distribution calculated under the Companies Law of the Cayman Islands comprise the share premium account and contributed surplus, net of accumulated losses totalling HK\$1,962,330,000 as at 31 December 2003 (2002 and 2001: HK\$711,718,000 and HK\$825,227,000, respectively). In the opinion of the directors of the Company, the net reserves of the Company as at 31 December 2003 available for distribution to shareholders amounted to HK\$1,425,846,000 (2002 and 2001: HK\$175,234,000 and HK\$288,743,000, respectively), after taking into account an amount of HK\$536,484,000, being goodwill arising from acquisitions in 2000, and which has been taken directly to the Company's share premium account on consolidation, thereby reducing reserves available for distribution.
- (c) The general reserves include statutory reserves required under the PRC and Taiwan laws and regulations.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

32. Own shares held

Own shares held as at 31 December 2003 represented the cost of 2,928,564 (2002 and 2001: 2,681,373 and 607,845 respectively) ordinary shares in the Company held by certain subsidiaries and is deducted in arriving at the shareholders' funds.

33. Notes to the consolidated cash flow statements

- (a) Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operations

	Year ended 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Operating (loss)/profit	(230,592)	(106,192)	92,349
Restructuring costs	(8,527)	—	—
Provision for impairment of investment securities	6,334	—	1,498
Provision for loan to a related company	—	13,260	—
Amortisation and depreciation	109,065	160,197	189,199
Loss on disposal of fixed assets	1,102	1,390	10,043
Gain on disposal of a subsidiary	(13)	—	(856)
Gain on disposal of other investments	—	(30)	—
	<u> </u>	<u> </u>	<u> </u>
Operating (loss)/profit before working capital changes	(122,631)	68,625	292,233
Increase in long-term receivable	—	—	(101,400)
(Increase)/decrease in pension assets	—	(1,349)	909
Decrease in inventories	2,486	7,027	7,517
Increase in trade and other receivables	(120,851)	(129,447)	(388,497)
(Decrease)/increase in trade and other payables	(104,676)	(14,920)	222,056
Increase in long-term payables	—	—	46,800
Increase in pension obligations	2,697	3,218	1,372
Interest income	(23,069)	(5,867)	(14,097)
Exchange adjustment	(1,131)	(2,490)	2,482
	<u> </u>	<u> </u>	<u> </u>
Net cash (outflow)/inflow from operations	<u>(367,175)</u>	<u>(75,203)</u>	<u>69,375</u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

33. Notes to the consolidated cash flow statements (continued)

(b) Acquisition of subsidiaries

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Net assets acquired:			
Fixed assets	47,772	66,207	21,105
Other non-current assets	–	32,136	3,975
Goodwill	1,328	–	–
Interests in associated companies	1,822	1,620	–
Investment securities	34,687	10,698	–
Inventories	93,755	21,766	43
Trade and other receivables	292,858	98,956	13,736
Bank balances and cash	45,721	124,027	52,123
Trade and other payables	(278,768)	(175,714)	(47,913)
Taxation payable	(41,086)	(12,131)	(3,115)
Bank and other loans	(29,947)	–	–
Loans from minority shareholders	(1,895)	(2,350)	–
Pension obligations	(8,080)	(4,795)	–
Deferred tax liabilities	(1,887)	–	–
Minority interests	(68,993)	(57,398)	36,857
	<u>87,287</u>	<u>103,022</u>	<u>76,811</u>
Goodwill (Note 16)	<u>446,240</u>	<u>749,049</u>	<u>135,603</u>
	<u><u>533,527</u></u>	<u><u>852,071</u></u>	<u><u>212,414</u></u>
Satisfied by:			
Cash	344,695	436,074	72,964
Allotment of shares	107,836	58,091	125,345
Consideration payables	80,996	344,913	–
Interests in jointly controlled entities held prior to acquisitions	–	1,104	14,105
Investment securities held prior to acquisitions	–	11,889	–
	<u><u>533,527</u></u>	<u><u>852,071</u></u>	<u><u>212,414</u></u>

The contributions to cash flows by the subsidiaries acquired are as follows:

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Contribution to net operating cash flows	15,197	63,405	3,315
Paid in respect of net returns on investment and servicing of finance	(267)	(913)	–
Utilised for investing activities	(6,608)	(93,742)	(496)
Post acquisition profit/(loss)	6,015	50,389	(14,142)
Net assets – as at 31 December	<u><u>92,482</u></u>	<u><u>152,887</u></u>	<u><u>62,645</u></u>

V. NOTES TO THE FINANCIAL INFORMATION (continued)

33. Notes to the consolidated cash flow statements (continued)

(b) Acquisition of subsidiaries (continued)

Analysis of the net cash outflow in respect of acquisition of subsidiaries is as follows:

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Cash consideration	(344,695)	(436,074)	(72,964)
Bank balances and cash acquired	45,721	124,027	52,123
Net cash outflow in respect of acquisition of subsidiaries	<u>(298,974)</u>	<u>(312,047)</u>	<u>(20,841)</u>

(c) Disposal/deconsolidation of a subsidiary

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Net assets disposed/deconsolidated of:			
Fixed assets	–	20,529	1,038
Investment securities	–	122	–
Trade and other receivables	17	37,884	2,199
Bank balances and cash	–	7,962	1,798
Trade and other payables	(17)	(36,954)	(2,615)
Taxation payable	–	(7,291)	–
Loans from minority shareholders	–	–	(4,350)
Minority interests	–	(11,126)	3,705
Goodwill	150	–	–
	<u>150</u>	<u>11,126</u>	<u>1,775</u>
Gain on disposal	13	–	856
	<u>163</u>	<u>11,126</u>	<u>2,631</u>
Satisfied by:			
Reclassification as investment securities	–	11,126	231
Consideration receivable	–	–	467
Cash	163	–	1,933
	<u>163</u>	<u>11,126</u>	<u>2,631</u>

Analysis of the net cash inflow/(outflow) in respect of the disposal/deconsolidation of a subsidiary is as follows:

	Year ended 31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Cash consideration	163	–	1,933
Bank balances and cash disposed/deconsolidated	–	(7,962)	(1,798)
Net cash inflow/(outflow) in respect of disposal/deconsolidation of a subsidiary	<u>163</u>	<u>(7,962)</u>	<u>135</u>

A subsidiary was excluded from consolidation during the year ended 31 December 2002 since there were severe restrictions that impair the TOM Group's ability to exercise control over its operations. The subsidiary was reclassified as an investment security of the TOM Group.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*33. Notes to the consolidated cash flow statements *(continued)*

(d) Analysis of changes in financing during the Relevant Periods

	Share capital including premium and capital reserve <i>HK\$'000</i>	Bank loans <i>HK\$'000</i>	Loans from shareholders <i>HK\$'000</i>	Loans from minority shareholders <i>HK\$'000</i>	Other loans <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2001	2,129,044	1,410	–	–	–	1,003	2,131,457
Issuance of ordinary shares, net of issuing expenses	12,912	–	–	–	–	–	12,912
New bank and other loans	–	30,423	100,000	–	10,894	–	141,317
Loan repayments	–	(2,223)	–	–	(7,276)	–	(9,499)
Contribution from a minority shareholder	–	–	–	–	–	7,064	7,064
Net cash from financing activities	12,912	28,200	100,000	–	3,618	7,064	151,794
Shares issued for acquisition of subsidiaries	416,381	–	–	–	–	–	416,381
Minority's share of profits of subsidiaries	–	–	–	–	–	7,185	7,185
Acquisition of subsidiaries (Note 33(b))	–	17,585	–	1,895	12,362	68,993	100,835
Disposal of a subsidiary (Note 33(c))	150	–	–	–	–	–	150
Elimination of own shares held	(1,091)	–	–	–	–	–	(1,091)
Exchange adjustment	–	(243)	–	(29)	(76)	(87)	(435)
	415,440	17,342	–	1,866	12,286	76,091	523,025
At 31 December 2001	2,557,396	46,952	100,000	1,866	15,904	84,158	2,806,276

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*33. Notes to the consolidated cash flow statements *(continued)*(d) Analysis of changes in financing during the Relevant Periods *(continued)*

	Share capital including premium and capital reserve <i>HK\$'000</i>	Bank loans <i>HK\$'000</i>	Loans from shareholders <i>HK\$'000</i>	Loans from minority shareholders <i>HK\$'000</i>	Other loans <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2002	2,557,396	46,952	100,000	1,866	15,904	84,158	2,806,276
Issuance of ordinary shares, net of issuing expenses	19,292	–	–	–	–	–	19,292
New bank and other loans	–	14,966	750,000	1,500	898	–	767,364
Loan repayments	–	(46,692)	–	(1,866)	(15,179)	–	(63,737)
Contribution from minority shareholders	–	–	–	–	–	1,410	1,410
Net cash from/(used in) financing activities	19,292	(31,726)	750,000	(366)	(14,281)	1,410	724,329
Shares issued for acquisition of subsidiaries	87,947	–	–	–	–	–	87,947
Minority's share of profits of subsidiaries	–	–	–	–	–	28,555	28,555
Acquisition of subsidiaries <i>(Note 33(b))</i>	–	–	–	2,350	–	57,398	59,748
Deconsolidation of a subsidiary <i>(Note 33(c))</i>	–	–	–	–	–	(11,126)	(11,126)
Elimination of own shares held	(4,137)	–	–	–	–	–	(4,137)
Dividends payable to minority shareholders	–	–	–	–	–	(7,076)	(7,076)
Exchange adjustment	–	142	–	–	151	465	758
	83,810	142	–	2,350	151	68,216	154,669
At 31 December 2002	2,660,498	15,368	850,000	3,850	1,774	153,784	3,685,274

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*33. Notes to the consolidated cash flow statements *(continued)*(d) Analysis of changes in financing during the Relevant Periods *(continued)*

	Share capital including premium and capital reserve <i>HK\$'000</i>	Bank loans <i>HK\$'000</i>	Convertible bonds <i>HK\$'000</i>	Loans from shareholders <i>HK\$'000</i>	Loans from minority shareholders <i>HK\$'000</i>	Other loans <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2003	2,660,498	15,368	–	850,000	3,850	1,774	153,784	3,685,274
Issuance of ordinary shares, net of issuing expenses	995,921	–	–	–	–	–	–	995,921
New bank and other loans	–	102,562	–	–	500	–	–	103,062
Loan repayments	–	(83,366)	–	–	–	(1,796)	–	(85,162)
Proceeds from issuance of convertible bonds	–	–	1,170,000	–	–	–	–	1,170,000
Contribution from minority shareholders	–	–	–	–	–	–	1,786	1,786
Net cash from/(used in) financing activities	995,921	19,196	1,170,000	–	500	(1,796)	1,786	2,185,607
Shares issued for acquisition of subsidiaries	331,789	–	–	–	–	–	–	331,789
Accrual of redemption premium	–	–	753	–	–	–	–	753
Minority's share of profits of subsidiaries	–	–	–	–	–	–	42,869	42,869
Minority interests in revaluation reserve	–	–	–	–	–	–	(453)	(453)
Minority interests in other reserve	–	–	–	–	–	–	(26)	(26)
Acquisition of subsidiaries <i>(Note 33(b))</i>	–	–	–	–	–	–	(36,857)	(36,857)
Disposal of a subsidiary <i>(Note 33(c))</i>	–	–	–	–	(4,350)	–	3,705	(645)
Elimination of own shares held	(857)	–	–	–	–	–	–	(857)
Dividends payable to minority shareholders	–	–	–	–	–	–	(2,500)	(2,500)
Exchange adjustment	–	483	–	–	–	22	775	1,280
	330,932	483	753	–	(4,350)	22	7,513	335,353
At 31 December 2003	3,987,351	35,047	1,170,753	850,000	–	–	163,083	6,206,234

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

34. Pledge of assets

- (a) As at 31 December 2003, bank deposits and cash totalling approximately HK\$21,636,000 (2002 and 2001: HK\$10,981,000 and HK\$63,230,000 respectively) were pledged to banks for securing banking facilities granted to certain subsidiaries of the Company and an investee company.
- (b) As at 31 December 2003, concession rights and a property with net book values of HK\$5,614,000 (2002 and 2001: HK\$2,347,000 and HK\$Nil respectively) and HK\$814,000 (2002 and 2001: HK\$844,000 and HK\$Nil respectively) respectively were pledged to banks for securing banking facilities granted to certain subsidiaries of the Company.

35. Contingent liabilities

As at 31 December 2003, the TOM Group had contingent liabilities amounting to approximately HK\$9,400,000 (2002 and 2001: HK\$9,400,000 and HK\$81,371,000 respectively) comprising of:

- (a) the provision of fixed deposits amounting to approximately HK\$9,400,000 (2002 and 2001: HK\$9,400,000) as securities for bank loans granted to an investee company in which the TOM Group has a 50% equity interest; and
- (b) the contingent liabilities in respect of a litigation proceeding with International Merchandising Corporation on dispute over termination of a sponsorship contract which had been settled in 2002.

Save as disclosed in note 26(b), the Company did not have any contingent liability at 31 December 2003 (2002 and 2001: HK\$Nil).

36. Commitments

- (a) Capital commitments

The capital commitments of the TOM Group at the end of each of the years in the Relevant Periods comprise:

	31 December		
	2001	2002	2003
	HK\$'000	HK\$'000	HK\$'000
Acquisition of new investments			
– Contracted but not provided for	370,287	52,006	–
Acquisition of fixed assets and other non-current assets			
– Contracted but not provided for	45,545	19,349	82,652
– Authorised but not contracted for	–	7,757	1,715
	<u>415,832</u>	<u>79,112</u>	<u>84,367</u>

- (b) As at 31 December 2003, the TOM Group had commitments in respect of contributions to registered capital of certain investments in the PRC amounted to approximately HK\$23,923,000 (2002 and 2001: HK\$Nil and HK\$174,027,000 respectively).
- (c) Other capital commitment

At 31 December 2003, the TOM Group had other capital commitment in respect of the acquisition of 100% beneficial interest in LTWJi through the acquisition of the entire share capital of Puccini subject to a maximum amount of US\$150 million (approximately HK\$1,170 million). According to the sale and purchase agreement entered into between the TOM Group and Cranwood, the consideration for the acquisition of Puccini should equal the valuation of the Puccini Group, which is determined based on 7.7 times the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004; or in the event that the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004 is less than an amount equal to 1.2 times the audited consolidated net profit of the Puccini Group for the year ended 31 December 2003, an amount equal to 6 times the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004. The other capital commitment will be 50% paid in cash and 50% paid by the issuance and allotment of TOM Online Inc. ("TOM Online") shares. An initial consideration of US\$18,500,000 worth of TOM Online shares as held in escrow were issued at the initial public offer price of TOM Online shares on 11 March 2004.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*36. Commitments *(continued)*

(d) Commitments under operating leases

At 31 December 2001, 2002 and 2003, the TOM Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2001		31 December 2002		2003	
	Land and buildings	Other assets	Land and buildings	Other assets	Land and buildings	Other assets
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Not later than one year	29,780	23,894	34,273	30,300	23,860	29,288
Later than one year and not later than five years	44,924	83,948	39,506	79,681	16,287	172,591
Later than five years	—	158,163	747	66,308	—	41,879
	<u>74,704</u>	<u>266,005</u>	<u>74,526</u>	<u>176,289</u>	<u>40,147</u>	<u>243,758</u>

(e) The Company did not have any commitment at the end of each of the years in the Relevant Periods.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

37. Related party transactions

In the opinion of the directors of the Company, the following is a summary of significant related party transactions of the TOM Group, in addition to notes 18, 20, 22, 24, 25 and 26 to the financial information during the Relevant Periods:

Significant related party transactions which will continue subsequent to the listing of the Company's ordinary shares on the Main Board.

	Note	Year ended 31 December		
		2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Sales to	(i)			
– HWL and its subsidiaries		1,440	1,354	1,594
– a joint venture of HWL		2,300	32	–
– Metro Broadcast Corporation Limited (“Metro”), an associated company of HWL and CKH		598	105	150
– CKH and its subsidiaries		–	867	746
– a jointly controlled entity		–	1,642	8,313
– minority shareholders of subsidiaries and their subsidiaries		–	184	7,352
Cost of sales payable to	(ii)			
– minority shareholders of subsidiaries and their subsidiaries		41,933	44,828	24,663
Office and warehouse rental payable to related companies	(iv)			
– an associated company of CKH		5,390	3,607	6,937
– a subsidiary of CKH		12,807	10,356	10,356
– minority shareholders of subsidiaries and their subsidiaries		–	921	1,710
Service fees payable to	(v)			
– a subsidiary of HWL		4,812	5,712	7,646
Service fees payable to	(vi)			
– HWL and its subsidiaries		1,510	3,414	2,403
– minority shareholders of subsidiaries and their subsidiaries		3,280	6,307	16,981
Interest income receivable from loans to an investee company	(vii)	1,608	1,886	1,886

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*37. Related party transactions *(continued)*

Significant related party transactions which have ceased or will cease subsequent to the listing of the Company's ordinary shares on the Main Board.

	Note	Year ended 31 December		
		2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Sales to	(i)			
– Metro		–	442	600
– a jointly controlled entity		–	34	–
– minority shareholders of subsidiaries and their subsidiaries		7,834	72,675	136,706
Cost of sales payable to	(ii)			
– minority shareholders of subsidiaries and their subsidiaries		–	6,468	1,974
Internet content supply, event air-time and advertising expenses payable to Metro		3,641	3,435	–
Office rental receivable from Metro	(iii)	1,655	1,580	770
Office and warehouse rental payable to related companies	(iv)			
– minority shareholders of subsidiaries and their subsidiaries		–	–	210
Service fees payable to	(vi)			
– an investee company		3,442	6,821	–
– minority shareholders of subsidiaries and their subsidiaries		77	84	38
– a company owned by a past non-executive director		–	468	–
Interest income receivable from loan to a minority shareholder of a subsidiary	(vii)	250	677	–
Interest expenses payable to	25 and 26(c)			
– a subsidiary of HWL		47	6,145	5,796
– a subsidiary of CKH		23	3,073	2,898
– Cranwood		47	6,145	5,796

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*37. Related party transactions *(continued)*

Note:

- (i) Sales to related companies were principally at terms no less favourable than those sales to third party customers of the TOM Group.
- (ii) Cost of sales were payable to the minority shareholders of subsidiaries and their subsidiaries at market rates.
- (iii) Rental of office premises was charged to Metro based on the floor areas occupied.
- (iv) The rentals were payable to the related companies for office premises and warehouses leased to the TOM Group. The office premises and warehouses were leased to the TOM Group at market rates.
- (v) The service fees were recharged by a subsidiary of HWL on cost reimbursement basis for the provision of administrative, information technology and consultancy services.
- (vi) The service fees were payable to related companies for the provision of goods and services rendered at market rates.
- (vii) Interests on loans to related companies were calculated at interest rates comparable to market.

38. Principal subsidiaries, jointly controlled entities, associated companies and investment securities

Particulars of principal subsidiaries, jointly controlled entities, associated companies and investment securities as at 31 December 2003 are as follows:

Name	Date of incorporation	Place of incorporation	Particular of issued/ registered capital	Effective interest held	Principal activities and place of operation	Name of statutory auditors
tom.com enterprises limited	8 November 1999	British Virgin Islands ("BVI")	1 ordinary share of US\$1	100%	Holds the domain name of www.tom.com	note (b)
TOM.COM INTERNATIONAL LIMITED	26 May 1999	Hong Kong	10 ordinary shares of HK\$1 each	100%	Operates tom.com portal and manages strategic investments of the TOM Group in Hong Kong and the PRC	note (c)
TOM Holdings Limited	29 September 1999	Cayman Islands ("CI")	2 ordinary shares of US\$1 each	100%	Issuer of guaranteed convertible bonds	note (b)
Internet Group						
Advanced Internet Services Limited, acquired on 1 November 2000 (note (e))	3 September 1999	Hong Kong	10,000,000 ordinary shares of US\$0.01 each	100%	Investment holding in the PRC	note (c)
Beijing GreaTom United Technology Company Limited, 20% acquired on 31 October 2003 (note (e))	12 March 2001	The PRC	Registered capital RMB25,000,000	90%	Development of operating platform for broadband Internet value-added services in the PRC	北京華慶會計師事務所有限責任公司
@ Beijing Lei Ting Wan Jun Network Technology Limited (note (e))	23 November 2000	The PRC	Registered capital RMB11,000,000	100%	Provision of Internet content services and wireless value-added services in the PRC	Note (b)

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*38. Principal subsidiaries, jointly controlled entities, associated companies and investment securities *(continued)*

	Name	Date of incorporation	Place of incorporation	Particular of issued/ registered capital	Effective interest held	Principal activities and place of operation	Name of statutory auditors
	Internet Group <i>(continued)</i>						
@	Beijing Leitingwuji Network Technology Limited, acquired on 19 November 2003 (note (e))	31 July 2002	The PRC	Registered capital RMB1,000,000	100%	Provision of wireless interactive voice response services in the PRC	Note (b)
@	Beijing Redsail Netlegend Data Network Technology Company Limited, 60% acquired on 25 June 2003	19 June 2000	The PRC	Registered capital RMB62,800,000	100%	Provision of interactive call center services in the PRC	Note (b)
	Beijing Super Channel Network Limited (note (e))	20 January 2000	The PRC	Registered capital US\$13,000,000	100%	Development of software, information system, computer network and website products in the PRC	北京華慶會計師事務所有限責任公司
	Cernet Information Technology Company Limited, acquired on 1 January 2002	11 December 2001	The PRC	Registered capital RMB60,000,000	51%	Provision of system integration and consultancy services in the PRC	北京華慶會計師事務所有限責任公司
*	Cernet Online Company Limited	17 December 2001	The PRC	Registered capital RMB10,000,000	37%	Acts as primary Internet services provider in the PRC	note (b)
*	ChinaPlus (Beijing) Company Limited	30 December 2001	The PRC	Registered capital US\$3,500,000	50%	Provision of interactive online marketing services in the PRC and Taiwan	北京縱橫聯合會計師事務所
	ECLink Electronic Network Systems (Shenzhen) Company Limited	21 July 1997	The PRC	Registered capital US\$3,000,000	100%	Software, electronics and computer network system development in the PRC	深圳法威會計師事務所
^	Shanghai Maya Online Broadband Network Company Limited, reclassified to investment security on 1 October 2002	22 October 1999	The PRC	Registered capital RMB50,000,000	50%	Operates a website and engages in content provision and development in the PRC	note (d)
#	She Communications Limited	15 January 1999	Hong Kong	2 ordinary shares of HK\$10 each	33.3%	Operates a fashion website in Hong Kong	note (c)
@	Shenzhen Freetnet Information Technology Company Limited, acquired on 1 November 2000 (note (e))	16 November 1999	The PRC	Registered capital RMB23,000,000	100%	Operates 163.net and e-mails service provider in the PRC	南方民和會計師事務所
	TOM.COM (China) Investment Limited (note (e))	28 July 2000	The PRC	Registered capital US\$30,000,000	100%	Investment holding in the PRC	北京華慶會計師事務所有限責任公司

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*38. Principal subsidiaries, jointly controlled entities, associated companies and investment securities *(continued)*

Name	Date of incorporation	Place of incorporation	Particular of issued/ registered capital	Effective interest held	Principal activities and place of operation	Name of statutory auditors
Internet Group <i>(continued)</i>						
TOM Online Inc. (formerly known as PC Rock Industry Limited) (note (e))	28 August 2001	CI	4,000,000,000 ordinary shares of HK\$0.01 each	100%	Investment holding in the PRC	note (c)
Outdoor Media Group						
@ Beijing TOM International Advertising Limited (formerly known as Beijing Lu Jing Ling Advertising Limited)	5 March 2001	The PRC	Registered capital RMB1,000,000	100%	Advertising sales in the PRC	note (b)
@ Fujian Seeout Guangming Media Advertising Company Limited	30 August 2002	The PRC	Registered capital RMB5,000,000	70%	Advertising sales in the PRC	福建閩興有限責任 會計師事務所
@ Henan New Tianming Advertising and Information Chuanbo Company Limited	10 April 2002	The PRC	Registered capital RMB6,000,000	50%	Advertising sales in the PRC	河南中鵬會計師 事務所有限公司
@ Kunming Fench Media Company Limited	30 July 2001	The PRC	Registered capital RMB11,000,000	100%	Advertising sales in the PRC	雲南興華會計師 事務所有限公司
@ Kunming Fench Star Information Industry Limited, acquired on 31 December 2000	29 January 1997	The PRC	Registered capital RMB11,000,000	100%	Advertising sales in the PRC	note (b)
@ Liaoning New Star Guangming Media Assets Company Limited	30 April 2002	The PRC	Registered capital RMB10,000,000	60%	Advertising sales in the PRC	note (b)
Perfect Team Limited, acquired on 1 December 2001 (note (f))	11 May 2001	BVI	4,000,000 ordinary shares of US\$1 each	65%	Advertising sales in the PRC	note (b)
@ Qingdao Chunyu Advertising Chuanbo Company Limited	29 August 2002	The PRC	Registered capital RMB1,500,000	70%	Advertising sales in the PRC	note (b)
@ Shandong Longjun Media Company Limited (formerly known as Shandong Qilu International Outdoor Media Company Limited)	7 June 2002	The PRC	Registered capital RMB11,000,000	60%	Advertising sales in the PRC	山東中字會計師 事務所有限公司
[^] Shanghai Maya Cultural Transmission Company Limited, acquired on 1 April 2001 and reclassified to investment security on 1 October 2002	11 December 1998	The PRC	Registered capital RMB20,000,000	50%	Provision of advertising and marketing services in the PRC	note (d)

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*38. Principal subsidiaries, jointly controlled entities, associated companies and investment securities *(continued)*

Name	Date of incorporation	Place of incorporation	Particular of issued/ registered capital	Effective interest held	Principal activities and place of operation	Name of statutory auditors
Outdoor Media Group <i>(continued)</i>						
@ Shenyang Sano Global Media Company Limited	2 September 2002	The PRC	Registered capital RMB3,000,000	60%	Advertising sales in the PRC	沈陽中審會計師事務所
@ Sichuan Southwest Outdoor Media Company Limited	23 January 2003	The PRC	Registered capital RMB3,000,000	70%	Advertising sales in the PRC	四川中宇會計師事務所有限公司
TOM Outdoor Media Group Limited	28 January 2000	BVI	1 ordinary share of US\$1	100%	Investment holding in the PRC	note (b)
@ Xiamen Bomei Lianhe Advertising Company Limited	20 August 2002	The PRC	Registered capital RMB2,500,000	60%	Advertising sales in the PRC	note (b)
Publishing Group						
Business Weekly Publishing Inc., acquired on 1 January 2002	9 November 1987	Taiwan	169,120 ordinary shares of NT\$10 each	83.17%	Publishing of magazines in Taiwan	note (c)
Cité Publishing Holding Limited	28 August 2002	BVI	4,999,563 ordinary shares of US\$0.01 each	83.19%	Investment holding in Taiwan	note (b)
Cité Publishing Limited, acquired on 1 October 2001	19 September 1996	Taiwan	28,171,506 ordinary shares of NT\$10 each	83.17%	Publishing of books in Taiwan	note (c)
Home Media Group Limited, acquired on 1 October 2001	2 February 2001	CI	986,922,602 ordinary shares of US\$0.00001 each	83.17%	Investment holding in Taiwan	note (b)
Nong Nong Magazine Co. Ltd. acquired on 1 January 2002	19 March 1991	Taiwan	2,500,000 ordinary shares of NT\$10 each	66.54%	Publishing of magazines in Taiwan	note (c)
PC Home Publications Inc., acquired on 1 October 2001	13 December 1995	Taiwan	18,310,000 ordinary shares of NT\$10 each	83.17%	Publishing of magazines which focus on information technology in Taiwan	note (c)
Sharp Point Publishing Co. Ltd., acquired on 21 November 2001	12 July 1982	Taiwan	10,296,000 ordinary shares of NT\$10 each	83.17%	Publishing of youth magazines and books in Taiwan	note (c)
TOM (Cup Magazine) Publishing Limited	17 July 2002	Hong Kong	2 ordinary shares of HK\$1 each	100%	Publishing of magazines in Hong Kong	note (c)
Yazhou Zhoukan Limited, acquired on 1 March 2001	25 November 1993	Hong Kong	9,500 ordinary shares of HK\$1 each	50%	Publishing of regional news magazines in Asia	note (c)

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*38. Principal subsidiaries, jointly controlled entities, associated companies and investment securities *(continued)*

Name	Date of incorporation	Place of incorporation	Particular of issued/ registered capital	Effective interest held	Principal activities and place of operation	Name of statutory auditors
Sports Group						
Media Serv Asia Pacific Limited	8 July 2002	BVI	1 ordinary share of US\$1	60%	Advertising and sponsorship sales in relation to sports events and programmes in Thailand	note (b)
Media Serv Limited, acquired on 5 September 2002	25 April 1994	BVI	200 ordinary shares of US\$1 each	60%	Advertising and sponsorship sales in relation to sports events and programmes in Asia	Billy Ho & Co. Certified Public Accountants
YCP Advertising Limited, acquired on 10 January 2001 (note (g))	10 April 2000	Hong Kong	10 ordinary shares of HK\$1 each	70%	Sports advertising and event management in the PRC and Hong Kong	note (c)
@ 廣東羊城報業體育發展有限公司 (Guangdong Yangcheng Press Sports Development Company Limited), 70% acquired on 1 November 2000 and 10% acquired on 1 December 2003	2 September 1998	The PRC	Registered capital RMB5,000,000	80%	Manages sponsorships and marketing of sports events and production of TV sports programmes in the PRC	廣東金橋會計師事務所有限公司 責任公司
@ 廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited), 10% acquired on 3 December 2003	10 May 2002	The PRC	Registered capital RMB5,000,000	80%	Advertising, corporate image design and sale of products in the PRC	廣東金橋會計師事務所有限公司 責任公司
Television and Entertainment Group						
China Entertainment Television Broadcast Limited, acquired on 15 September 2003	4 January 1994	Hong Kong	30,000 ordinary shares of HK\$0.3 each	64.07%	Operations of satellite television channels and provision of content and television programme to various platforms including satellite television and syndication network	note (c)
TOM Digital Media Center Limited	7 June 2002	Hong Kong	2 ordinary shares of HK\$1 each	100%	Provision of television channel organisation and satellite television transmission services	note (c)
^ 廣州市鴻翔音像製作有限公司 (Guangzhou Hongxiang Audio-Video Production Company Limited) acquired on 16 October 2002 (Note 39 (iii))	21 July 1998	The PRC	Registered capital RMB800,000	50%	Sales of audio-visual products in the PRC	note (b)
* Jointly controlled entity						
# Associated company						
@ The equity interest is held by individual nominees on behalf of the TOM Group through certain contractual arrangements which enable the Group to govern the financial and operating policies of these companies.						
^ Investment security						

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*38. Principal subsidiaries, jointly controlled entities, associated companies and investment securities *(continued)*

Note:

- (a) The above table lists the principal subsidiaries, jointly controlled entities, associated companies and investment securities of the TOM Group as at 31 December 2003 which, in the opinion of the directors of the Company, principally affect the results and net assets of the TOM Group. To give full details of subsidiaries, jointly controlled entities, associated companies and investment securities would, in the opinion of the directors of the Company, result in particulars of excessive length.
- (b) No audit requirement.
- (c) Audited by PricewaterhouseCoopers, Certified Public Accountants.
- (d) Investment securities as at the date of this report, therefore no disclosure of auditors is required.
- (e) Effective interest held in these companies had been diluted by 28.14% upon the listing of Tom Online on the NASDAQ, United States of America and GEM of the Stock Exchange on 10 March and 11 March 2004 respectively.
- (f) The TOM Group has acquired an additional 35% interest in Perfect Team Limited on 5 June 2004.
- (g) The TOM Group has acquired an additional 10% interest in YCP Advertising Limited on 24 February 2004.

39. Subsequent events

- (i) On 10 March and 11 March 2004, the shares of TOM Online, previously a wholly-owned subsidiary of the Company, were listed and traded on the NASDAQ, United States of America and the GEM of the Stock Exchange (the "Global Offering"). As a result of the Global Offering, the Company's shareholding in TOM Online has been diluted to 71.86%, which resulted in a gain arising from this deemed disposal (the "Deemed Disposal"). The directors have estimated that the gain arising from the Deemed Disposal amounted to approximately HK\$0.87 billion, which will be included as part of the 2004 first quarter consolidated results of the TOM Group.
- (ii) In preparation for digitising China Entertainment Television Broadcast Limited ("CETV")'s transmission and distribution platform, CETV entered into a digital service contract in March 2004. A provision for contract termination of approximately HK\$109 million for the early termination of CETV's analogue transponder agreement has been recognised in the consolidated profit and loss account for the three months ended 31 March 2004.
- (iii) Guangzhou Hongxiang Audio-Video Production Company Limited has been reclassified to investment securities and excluded from consolidation since 1 January 2004 as the Group has ceased to have the ability to control or significantly influence the subsidiary's operation, a provision for impairment of goodwill arising from the acquisition of the subsidiary of approximately of HK\$47 million has been recognised in the consolidated profit and loss account for the three months ended 31 March 2004.

40. Subsequent accounts

No audited accounts have been prepared for the Company and any of the companies comprising the TOM Group in respect of any period subsequent to 31 December 2003 and, save as disclosed in the Accountants' Report, no dividends or other distributions have been declared by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2003.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

UNAUDITED CONSOLIDATED RESULTS

For the three months ended 31 March 2004

		Three months ended 31 March	
		2004	As restated
	Note	2004	2003
		HK\$'000	HK\$'000
Turnover	2	514,534	428,294
Cost of sales	2	(282,516)	(276,075)
Interest income		15,972	626
Selling and marketing expenses		(52,795)	(44,275)
Administrative expenses		(61,322)	(47,399)
Other operating expenses	6	(97,811)	(92,850)
Operating profit/(loss)		36,062	(31,679)
Finance costs		(7,568)	(4,980)
Deemed disposal gain	3	873,367	–
Provision for impairment of assets	4	(82,731)	–
Provision for contracts termination	5	(134,315)	–
Provision for other receivables		(22,476)	–
Share of losses of jointly controlled entities		(295)	(2,598)
Share of profits less losses of associated companies		120	308
Profit/(loss) before taxation		662,164	(38,949)
Taxation	7	(9,391)	(3,926)
Profit/(loss) after taxation		652,773	(42,875)
Minority interests		1,120	18
Profit/(loss) attributable to shareholders		653,893	(42,857)
Earnings/(loss) per share	8		
Basic		HK16.86 cents	HK(1.29) cents
Diluted		HK15.49 cents	N/A

Notes:

1. BASIS OF PREPARATION OF THE ACCOUNTS

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. They have been prepared under the historical cost convention except that certain investment securities are stated at fair value.

2. RESTATEMENT OF TURNOVER AND COST OF SALES

The Group's wireless value-added services are delivered to users through the wireless data platforms of the mobile telecommunications operators pursuant to revenue sharing agreements. In prior years, the Group reported these wireless value-added services revenues net of the revenues shared with the mobile telecommunications operators. In 2003, the directors of the Company are of the opinion that it is more appropriate to adopt the gross basis of recognition of wireless value-added services revenues commencing from 1 January 2003. This change in recognition basis has no overall effect on the Group's results. To facilitate better comparison of year-on-year results, both turnover and cost of sales of first quarter 2003 have been restated and increased by HK\$16,890,000.

3. DEEMED DISPOSAL GAIN

On 10 March and 11 March 2004, the shares of TOM Online Inc., previously a wholly-owned subsidiary of the Company, were listed and traded on the National Market of National Automated Systems Dealership and Quotation, United States of America and the Growth Enterprise Market of the Stock Exchange, Hong Kong (the "Global Offering"). As a result of the Global Offering, the Company's shareholding in TOM Online Inc. has been diluted to 71.86%, which resulted in a gain of HK\$873,367,000 arising from this deemed disposal.

4. PROVISION FOR IMPAIRMENT OF ASSETS

This represents provision for impairment of fixed assets and goodwill as a result of certain internal restructuring initiatives in connection with the Group's operations. Among which, a provision of approximately HK\$47 million has been made for impairment of goodwill arising from the acquisition of a subsidiary engaged in the audio and video products distribution business.

In addition, the subsidiary has been excluded from consolidation since 1 January 2004 as the Group has ceased to have the ability to control or significantly influence the subsidiary's operations.

5. PROVISION FOR CONTRACTS TERMINATION

In preparation for digitising China Entertainment Television Broadcast Limited ("CETV")'s transmission and distribution platform later in the year, CETV entered into a digital service contract in March 2004. Included in the provision for contracts termination is a one-time charge of approximately HK\$109 million for the early termination of CETV's analogue transponder agreement.

6. ACQUISITION OF PUCCINI AND ITS SUBSIDIARIES ("PUCCINI GROUP")

As the consideration for the acquisition of Puccini is contingent on the audited consolidated net profit of the Puccini Group for the year ending 31 December 2004, the Group has not recorded any consideration as cost of investments as of 31 March 2004 and therefore, no goodwill amortisation expenses in relation to the foresaid acquisition has been charged to the consolidated profit and loss account for the three months ended 31 March 2004.

In accordance with the sale and purchase agreement, the consideration for the acquisition of Puccini, when finalised, will be paid partly in cash and partly by way of issuance and allotment of TOM Online Inc. shares (the "TOM Online Shares"). The issuance of TOM Online Shares will result in a dilution of the Company's shareholding in TOM Online Inc. The effect of the dilution will be accounted for when the TOM Online Shares are issued.

7. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Three months ended 31 March	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	100	–
Overseas taxation	8,491	2,915
Deferred taxation	800	1,011
	<u>9,391</u>	<u>3,926</u>

8. EARNINGS/(LOSS) PER SHARE**(a) Basic**

The calculation of basic earnings/(loss) per share for the three months ended 31 March 2004 is based on the unaudited profit attributable to shareholders of HK\$653,893,000 (2003: loss of HK\$42,857,000) and the weighted average of 3,878,261,817 (2003: 3,330,746,066) ordinary shares in issue during the periods.

(b) Diluted

The calculation of diluted earnings per share for the three months ended 31 March 2004 is based on the unaudited adjusted profit attributable to shareholders of HK\$659,037,000, after adding back the borrowing costs of the convertible bonds, and the weighted average of 4,254,754,901 ordinary shares issued and issuable after adjusting for the effects of all dilutive potential ordinary shares, as if the outstanding share options, consideration shares for acquisition of subsidiaries and convertible bonds issued by the Company had been exercised, issued or converted into ordinary shares at the date of issuance.

The exercise of share options granted and the issuance of consideration shares by the Company would have an anti-dilutive effect on the loss per share for the three months ended 31 March 2003.

9. DIVIDENDS

No dividend had been paid or declared by the Company during the period (2003: HK\$Nil).

10. MOVEMENT OF RESERVES

	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Exchange difference <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2003	2,333,916	(377)	776	343	(802)	(2,388,544)	(54,688)
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	49,485	—	—	—	—	—	49,485
Loss for the period	—	—	—	—	—	(42,857)	(42,857)
Transfer to general reserve	—	—	—	4,613	—	(4,613)	—
Exchange difference	—	—	—	—	51	—	51
At 31 March 2003	<u>2,383,401</u>	<u>(377)</u>	<u>776</u>	<u>4,956</u>	<u>(751)</u>	<u>(2,436,014)</u>	<u>(48,009)</u>

	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Exchange difference <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2004	3,605,986	(377)	776	15,579	5,610	1,206	(2,391,147)	1,237,633
Investment revaluation surplus	—	—	—	—	27,561	—	—	27,561
Profit for the period	—	—	—	—	—	—	653,893	653,893
Transfer to general reserve	—	—	—	61,558	—	—	(61,558)	—
Exchange difference	—	—	—	88	(62)	4,794	—	4,820
At 31 March 2004	<u>3,605,986</u>	<u>(377)</u>	<u>776</u>	<u>77,225</u>	<u>33,109</u>	<u>6,000</u>	<u>(1,798,812)</u>	<u>1,923,907</u>



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong

29 June 2004

The Directors

TOM Group Limited

(Formerly known as TOM.COM LIMITED)

Morgan Stanley Dean Witter Asia Limited

Dear Sirs,

We set out below our report on the financial information relating to Beijing Leitingwuji Network Technology Company Limited (the “Company”) for the period from 31 July 2002 (date of incorporation) to 31 December 2002 and for the period from 1 January 2003 to 19 November 2003 (date of completion of the acquisition of Puccini International Limited, the then beneficial owner of the Company, by TOM Group Limited) (“Date of Completion”) (the “Relevant Periods”) for inclusion in the listing document of TOM Group Limited (“TOM”) dated 29 June 2004 in connection with the proposed listing of the entire issued share capital of TOM on the main board (the “Main Board”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of introduction.

The Company was incorporated in the People’s Republic of China (the “PRC”) on 31 July 2002 as a domestic limited liability company.

The Company has adopted 31 December as its financial year end date. No audited statutory accounts of the Company have been prepared since its date of incorporation as there is no statutory requirement for the Company to prepare audited accounts. The accounts of the Company are normally prepared in accordance with accounting principles and regulations applicable to PRC enterprises (“PRC GAAP”). For the purpose of this report, the directors of the Company has prepared accounts of the Company for the Relevant Periods (“HK GAAP Accounts”) in accordance with accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). We have performed an independent audit on the HK GAAP Accounts for the Relevant Periods in accordance with Statements of Auditing Standards issued by the HKSA. We have also examined the HK GAAP Accounts for the Relevant Periods and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline “Prospectuses and the Reporting Accountant” issued by the HKSA.

The financial information set out in sections I to V below (the “Financial Information”) has been prepared by the directors of the Company based on the HK GAAP Accounts. The directors of the Company are responsible for preparing the HK GAAP Accounts which give a true and fair view. In preparing the accounts, it is fundamental that appropriate accounting policies are selected and applied consistently.

The directors of the Company are responsible for the Financial Information. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion.

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Company as at 31 December 2002 and 19 November 2003 (Date of Completion) and of the results and cash flows of the Company for the Relevant Periods.

I. PROFIT AND LOSS ACCOUNTS

	<i>Section V</i>	Period from 31 July 2002 (date of incorporation) to 31 December 2002	Period from 1 January 2003 to 19 November 2003 (Date of Completion)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	114	53,233
Cost of services		(120)	(12,985)
Gross (loss)/profit		(6)	40,248
Interest income	2	1	45
Selling and marketing expenses		–	(4,268)
General and administrative expenses		(47)	(1,430)
Other operating expense	3	–	(14,364)
(Loss)/profit before taxation	4	(52)	20,231
Taxation	6	–	(3,115)
(Loss)/profit after taxation		(52)	17,116

II. BALANCE SHEETS

	<i>Section V</i>	31 December 2002	19 November 2003 (Date of Completion)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Fixed assets	11	1,121	3,247
Long-term deposits		—	323
		<u>1,121</u>	<u>3,570</u>
Current assets			
Trade receivables	12	68	1,412
Prepayments and other current assets		1	715
Bank balances and cash		445	32,203
		<u>514</u>	<u>34,330</u>
Current liabilities			
Trade payables	13	—	91
Accrued liabilities	14	141	16,511
Amounts due to related companies	15	1,076	179
Taxation payable		—	3,115
		<u>1,217</u>	<u>19,896</u>
Net current (liabilities)/assets		<u>(703)</u>	<u>14,434</u>
Total assets less current liabilities		<u>418</u>	<u>18,004</u>
CAPITAL AND RESERVES			
Paid-in capital	16	470	940
(Accumulated deficit)/retained earnings		<u>(52)</u>	<u>17,064</u>
Shareholders' funds		<u>418</u>	<u>18,004</u>

III. STATEMENTS OF CHANGES IN EQUITY

	Period from 31 July 2002 (date of incorporation) to 31 December 2002 <i>HK\$'000</i>	Period from 1 January 2003 to 19 November 2003 (Date of Completion) <i>HK\$'000</i>
At the beginning of the period	–	418
Capital contribution from owners	470	470
Net (loss)/profit for the period	(52)	17,116
At the end of the period	418	18,004

IV. CASH FLOW STATEMENTS

		Period from 31 July 2002 (date of incorporation) to 31 December 2002	Period from 1 January 2003 to 19 November 2003 (Date of Completion)
	<i>Section V</i>		
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (outflow)/inflow from operations	18(a)	(26)	33,638
Investing activities			
Interest received		1	45
Purchase of fixed assets		—	(2,395)
Net cash inflow/(outflow) from investing activities		1	(2,350)
Net cash (outflow)/inflow before financing activities		(25)	31,288
Financing activities			
Capital contribution from owners		470	470
Increase in bank balances and cash		445	31,758
Bank balances and cash at the beginning of the period		—	445
Bank balances and cash at the end of the period		445	32,203

V. NOTES TO THE FINANCIAL INFORMATION

1. Principal accounting policies

The principal accounting policies adopted in the preparation of this report are set out below. These policies conform with accounting standards issued by the HKSA and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention.

(a) Revenue recognition

Wireless interactive voice response ("IVR") services supplemented by short messaging services ("SMS") were provided to users on a monthly basis for a fixed fee or on a usage basis for a transaction fee through the platform of China Mobile Communications Corporation ("China Mobile"). Revenue, net of business tax, is recognised based on gross fees billed to end users as the services are rendered.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(b) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses, if any, over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	20%
Computer equipment	20%
Computer software	20%
Furniture and office equipment	20%
Motor vehicles	20%

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

(c) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(d) Trade receivables

Provision is made against trade receivables to the extent that they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

(e) Employee benefits

The full-time employees of the Company are entitled to staff welfare benefits including medical care, casualty, housing benefits, education benefits, unemployment insurance and pension benefits through a Chinese government-mandated defined contribution plan. The Company is required to accrue for these benefits based on certain percentages of the employees' salaries. The Company is required to make contributions to the plans out of the amounts accrued for all staff welfare benefits except for education benefits. The Chinese government is responsible for the staff welfare benefits including medical care, casualty, housing benefits, unemployment insurance and pension benefits to be paid to these employees. The Company is responsible for the education benefits to be paid.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)***1. Principal accounting policies** *(continued)***(f) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(g) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(h) Translation of foreign currencies

The functional currency of the Company is Renminbi ("RMB"). Transactions denominated in currencies other than RMB are translated into RMB at the exchange rates quoted by the People's Bank of China (the "PBOC") prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB using the applicable exchange rates quoted by the PBOC at the balance sheet date. Exchange differences arising are dealt with in the profit and loss account.

The accounts are translated into Hong Kong Dollars using exchange rates in effect at period end for assets, liabilities and equity and average exchange rates during each reporting period for profit and loss account. Exchange differences, if any, are dealt with as a movement in reserves.

(i) Segment reporting

Statement of Standard Accounting Practice 26 "Segment reporting" issued by the HKSA establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organisation structure as well as information about geographical areas, business segments and major customers in the accounts.

No separate segment information is presented as it is the directors' view that the services rendered by the Company are of one business segment and the business is conducted in the PRC only.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

2. Turnover and revenue

The Company is principally engaged in the provision of wireless IVR services supplemented by SMS to mobile telephone users through the network of China Mobile. The Company's wireless IVR services include information and hotline services and community-oriented services, such as one-on-one dating communications service, chat rooms and access to songs, which are provided to the end users when they dial certain designated phone numbers assigned by China Mobile.

Revenues recognised during the Relevant Periods are as follows:

	Period from 31 July 2002 (date of incorporation) to 31 December 2002 HK\$'000	Period from 1 January 2003 to 19 November 2003 (Date of Completion) HK\$'000
Turnover		
Revenue from the provision of wireless IVR and SMS services	114	53,233
Other revenue		
Interest income	1	45
Total revenues	115	53,278

3. Other operating expense

The other operating expense represented a donation expense made by the Company to Shantou University in the PRC in connection with the acquisition of Puccini International Limited by Bright Horizon Enterprises Limited. On 13 November 2003, the owners of the Company have resolved to donate a sum of RMB15,280,540 (approximately HK\$14,364,000) to Shantou University in the PRC.

4. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after charging the following:

	Period from 31 July 2002 (date of incorporation) to 31 December 2002 HK\$'000	Period from 1 January 2003 to 19 November 2003 (Date of Completion) HK\$'000
Staff costs (<i>Note 5</i>)	45	1,162
Auditors' remuneration	—	—
Depreciation	45	330
Operating lease rental in respect of:		
Hire of voice circuits	28	399
Land and buildings	1	681

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

5. Staff costs

	Period from 31 July 2002 (date of incorporation) to 31 December 2002 HK\$'000	Period from 1 January 2003 to 19 November 2003 (Date of Completion) HK\$'000
Wages and salaries	45	1,076
Pension costs – defined contribution plan	–	86
	<u>45</u>	<u>1,162</u>

6. Taxation

No provision for Hong Kong profits tax has been made as the Company had no assessable profits in Hong Kong during the Relevant Periods.

The amount of taxation charged to the profit and loss accounts during the Relevant Periods has been provided based on the statutory rate of 33% for enterprise income tax ("EIT") in the PRC prior to the entitlement of the high technology enterprise preferential tax treatment in August 2003, which enables the net income of the Company exempt from taxation until 31 December 2005, subject to a 7.5% income tax for the following three years, and subject to a 15% income tax thereafter.

There were no material deferred tax assets or liabilities as at 31 December 2002 and 19 November 2003 (Date of Completion).

The taxation on the Company's (loss)/profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	Period from 31 July 2002 (date of incorporation) to 31 December 2002 HK\$'000	Period from 1 January 2003 to 19 November 2003 (Date of Completion) HK\$'000
(Loss)/profit before taxation	<u>(52)</u>	<u>20,231</u>
Calculated at a taxation rate of 33%	17	(6,676)
Unrecognised tax loss	(17)	–
Net profit not subject to taxation as a result of the high technology enterprise preferential tax treatment	<u>–</u>	<u>3,561</u>
Taxation charge	<u>–</u>	<u>(3,115)</u>

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

7. Dividends

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

8. (Loss)/earnings per share

No (loss)/earnings per share is presented for the Relevant Periods since the capital of the Company is not divided into shares.

9. Directors' emoluments

No directors' emoluments were paid during the Relevant Periods.

10. Five highest paid individuals

The emoluments payable to the five highest paid individuals (all of which are employees) are as follows:

	Period from 31 July 2002 (date of incorporation) to 31 December 2002 HK\$'000	Period from 1 January 2003 to 19 November 2003 (Date of Completion) HK\$'000
Basic salaries, other allowances and benefits in kind	38	429
Bonuses	—	140
Contribution to retirement benefit scheme	—	16
	<u>38</u>	<u>585</u>

The emoluments of the employees fell within the following band:

	Period from 31 July 2002 (date of incorporation) to 31 December 2002	Period from 1 January 2003 to 19 November 2003 (Date of Completion)
Emolument band		
HK\$nil – HK\$1,000,000	<u>5</u>	<u>5</u>

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

11. Fixed assets

	Leasehold improvements <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Computer software <i>HK\$'000</i>	Furniture and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 31 July 2002 (date of incorporation)	–	–	–	–	–	–
Additions	–	715	451	–	–	1,166
At 31 December 2002	–	715	451	–	–	1,166
Additions	46	2,114	38	47	211	2,456
At 19 November 2003 (Date of Completion)	46	2,829	489	47	211	3,622
Accumulated depreciation						
At 31 July 2002 (date of incorporation)	–	–	–	–	–	–
Charge for the period	–	22	23	–	–	45
At 31 December 2002	–	22	23	–	–	45
Charge for the period	4	236	84	4	2	330
At 19 November 2003 (Date of Completion)	4	258	107	4	2	375
Net book value						
At 31 December 2002	–	693	428	–	–	1,121
At 19 November 2003 (Date of Completion)	42	2,571	382	43	209	3,247

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

12. Trade receivables

The Company grants credit terms of 15 days to its customers. The ageing analysis of the trade receivables of the Company is as follows:

	31 December 2002	19 November 2003 (Date of Completion)
	HK\$'000	HK\$'000
Below 30 days	68	1,412

13. Trade payables

The ageing analysis of the trade payables of the Company is as follows:

	31 December 2002	19 November 2003 (Date of Completion)
	HK\$'000	HK\$'000
Below 30 days	–	91

14. Accrued liabilities

Accrued liabilities consisted of the following:

	31 December 2002	19 November 2003 (Date of Completion)
	HK\$'000	HK\$'000
Accrued staff costs	45	550
Accrued business tax and local levies	2	355
Accrued fees to service partners	4	157
Accrued advertising expenses	–	762
Accrued rental expenses	–	180
Accrued other operating expenses	–	143
Accrued donation	–	14,364
Accrued for purchase of software	90	–
	141	16,511

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

15. Amounts due to related companies

The amounts due to related companies were derived from transactions undertaken in the normal course of business of the Company. The amounts were unsecured, interest-free and without fixed repayment terms.

Particulars of the amounts due to related companies as of 31 December 2002 and 19 November 2003 (Date of Completion) are as follows:

	31 December 2002	19 November 2003 (Date of Completion)
	HK\$'000	HK\$'000
Beijing Lei Ting Wan Jun Network Technology Limited (Note a, Note b and Note 21(c))	173	80
Beijing Redsail Netlegend Data Network Technology Company Limited (Note 21(a))	–	32
Beijing Victoria Century Investment Consulting Company Limited (Note 21(b))	–	61
Beijing Super Channel Network Limited (Note a)	903	–
Shanghai Super Channel Network Limited	–	4
Shenzhen Freenet Information Technology Company Limited	–	2
	<u>1,076</u>	<u>179</u>

Notes:

- (a) During the period from 31 July 2002 (date of incorporation) to 31 December 2002, Beijing Super Channel Network Limited and Beijing Lei Ting Wan Jun Network Technology Limited ("Beijing Lei Ting"), companies which are under common significant influence with the Company, purchased certain fixed assets which amounted to approximately HK\$1,076,000 on the Company's behalf from third parties. Such fixed assets were purchased from the third parties at their market value. These payables were subsequently settled in cash during the period from 1 January 2003 to 19 November 2003 (Date of Completion) (Note 18(b)).
- (b) During the period from 1 January 2003 to 19 November 2003 (Date of Completion), Beijing Lei Ting entered into two agreements with a third-party advertising company for promoting IVR and SMS services from 1 January 2003 to 30 June 2003. During the same period, an agreement was entered into among Beijing Lei Ting, the Company and the advertising company such that the Company has agreed to bear all the risks and rewards of ownerships associated with those agreements, as the Company was one of the primary beneficiaries of the advertising campaign. Based on the agreements, the advertising expenses for the campaign were approximately HK\$850,000, which has been included in the profit and loss account of the Company for the period from 1 January 2003 to 19 November 2003 (Date of Completion) and has previously been paid by Beijing Lei Ting on behalf of the Company and were fully settled in cash during the period from 1 January 2003 to 19 November 2003 (Date of Completion).

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

16. Paid-in capital

	HK\$'000
Capital contribution and at 31 December 2002	470
Capital contribution	470
At 19 November 2003 (Date of Completion)	940

The registered capital of the Company was approximately HK\$470,000 (equivalent to RMB500,000) at the date of incorporation, which was fully paid upon incorporation. According to a written resolution by the owners of the Company dated 24 April 2003, the registered capital of the Company was increased from approximately HK\$470,000 to HK\$940,000 (equivalent to RMB1,000,000). An additional contribution of approximately HK\$470,000 was then contributed ratably from the then existing owners of the paid-in capital on 28 April 2003.

The owners of the Company are entitled to vote according to their percentage of the total contributed capital.

On 25 July 2002, the Company's registered owners jointly entered into an option and pledge agreement with Devine Gem Management Limited ("Devine Gem"), a foreign owned company, under which the Company's registered owners agreed to invest in the Company on behalf of Devine Gem.

17. Distributable reserves

As at 19 November 2003 (Date of Completion), the distributable reserves of the Company amounted to approximately HK\$17,064,000.

18. Notes to the cash flow statements

- (a) Reconciliation of (loss)/profit before taxation to net cash (outflow)/inflow from operations

	Period from 31 July 2002 (date of incorporation) to 31 December 2002 HK\$'000	Period from 1 January 2003 to 19 November 2003 (Date of Completion) HK\$'000
(Loss)/profit before taxation	(52)	20,231
Depreciation	45	330
Interest income	(1)	(45)
Operating (loss)/profit before working capital changes	(8)	20,516
Increase in long-term deposits	–	(323)
Increase in trade receivables	(68)	(1,344)
Increase in prepayments and other current assets	(1)	(714)
Increase in trade payables and accrued liabilities	51	16,461
Decrease in amounts due to related companies	–	(958)
Net cash (outflow)/inflow from operations	(26)	33,638

V. NOTES TO THE FINANCIAL INFORMATION *(continued)***18. Notes to the cash flow statements** *(continued)***(b) Major non-cash transactions**

During the period from 31 July 2002 (date of incorporation) to 31 December 2002, fixed assets of approximately HK\$1,076,000 (*Note 15*) have been paid by certain related companies on the Company's behalf. Together with fixed assets of approximately HK\$90,000 purchased from a third party during the same period, the purchases of fixed assets remained unpaid as at 31 December 2002 amounted to approximately HK\$1,166,000.

During the period from 1 January 2003 to 19 November 2003 (Date of Completion), fixed assets of approximately HK\$61,000 (*Note 21(b)*) have been purchased from a related company. Together with the HK\$90,000 purchases from a third party as mentioned above, the purchases of fixed assets remained unpaid as at 19 November 2003 (Date of Completion) amounted to approximately HK\$151,000.

19. Commitments**(a) Operating leases**

At 31 December 2002 and 19 November 2003 (Date of Completion), the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of the leased office premises as follows:

	31 December 2002	19 November 2003 (Date of Completion)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	–	1,098
Later than one year and not later than five years	–	1,822
	<u>–</u>	<u>2,920</u>
	<u>–</u>	<u>2,920</u>

(b) Other commitments

The Company entered into various service agreements with vendors and other business partners, principally for advertising, consulting, chatroom hosting and customer services. The commitments in relation to such service agreements, which are non-cancellable or cancellable within one-month notice, as of 31 December 2002 and 19 November 2003 (Date of Completion), were as follows:

	31 December 2002	19 November 2003 (Date of Completion)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	–	1,061
	<u>–</u>	<u>1,061</u>
	<u>–</u>	<u>1,061</u>

20. Contingencies

The Company provides access to songs to users of its IVR services. The Company obtained such songs from an original publisher in the PRC but has not paid any separate copyright fees to the suppliers or original publisher or artist. If the original song publisher or artist pursued legal action to obtain fees and damages, there is some uncertainty as to whether the Company could be held liable. In the PRC, the assessment of copyright fees and damages is up to the greater of the actual damages incurred plus three times the revenues earned from the use of the songs, or four times the revenues earned from the use of the songs. Management believes that the ultimate liability, if any, with respect to this contingency will not materially affect the Company's financial position, results or cash flows.

V. NOTES TO THE FINANCIAL INFORMATION *(continued)*

21. Related party transactions

In addition to those disclosed above, the Company had undertaken the following significant transactions with its related companies in the normal course of business during the Relevant Periods:

	Period from 31 July 2002 (date of incorporation) to 31 December 2002 HK\$'000	Period from 1 January 2003 to 19 November 2003 (Date of Completion) HK\$'000
Service fee to Beijing Redsail Netlegend Data		
Network Technology Company Limited (<i>Note a</i>)	–	179
Fixed assets purchased from Beijing Victoria Century		
Investment Consulting Company Limited (<i>Note b</i>)	–	61
Staff costs paid by Beijing Lei Ting (<i>Note c</i>)	–	109
	<u> </u>	<u> </u>

Notes:

- (a) The Company entered into two service agreements with Beijing Redsail Netlegend Data Network Technology Company Limited (“Redsail”), a company in which the existing shareholder of the Company has significant influence, effective from 3 June 2003 to 3 June 2004, and effective from 1 September 2003 to 31 August 2004, respectively. Under the service agreements, Redsail provides customer representative services and chatroom host services to the Company at a monthly fee of approximately HK\$78,000. During the period from 1 January 2003 to 19 November 2003 (Date of Completion), the Company accrued for such service fees amounting to approximately HK\$179,000, of which approximately HK\$32,000 remained payable to Redsail (*Note 15*) as at 19 November 2003 (Date of Completion).
- (b) During the period from 1 January 2003 to 19 November 2003 (Date of Completion), the Company acquired certain fixed assets at fair value from Beijing Victoria Century Investment Consulting Company Limited, a company which is under common ownership with the Company, amounting to approximately HK\$61,000. This has not been paid as at 19 November 2003 (Date of Completion) (*Note 15 and Note 18(b)*).
- (c) During the period from 1 January 2003 to 19 November 2003 (Date of Completion), staff costs of approximately HK\$109,000 were paid by Beijing Lei Ting on behalf of the Company and of which HK\$80,000 remained unsettled as at 19 November 2003 (Date of Completion) (*Note 15*).

22. Subsequent accounts

No audited accounts have been prepared for the Company in respect of any period subsequent to 19 November 2003 (Date of Completion) and no dividend or other distribution has been declared by the Company in respect of any period subsequent to 19 November 2003 (Date of Completion).

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
 Hong Kong

The following is the text of a letter with the summary of valuations and valuation certificate received from DTZ Debenham Tie Leung Limited, an independent valuer, prepared for the purpose of incorporation in this document, in connection with their valuations as at 31 March 2004 of the property interests of the TOM Group in Hong Kong, the PRC, Taiwan and Malaysia.



Formerly C Y Leung & Company
原梁振英測量師行

29 June 2004

The Directors
TOM Group Limited
48th Floor, The Center
99 Queen's Road Central
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the properties held by TOM Group Limited (the "Company") and/or its subsidiaries (collectively the "TOM Group") in Hong Kong, the People's Republic of China (the "PRC"), Taiwan and Malaysia, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of the properties as at 31 March 2004 (the "date of valuation").

Our valuation of each of the properties represents its open market value which we would define as intended to mean "an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

Our valuations have been made on the assumption that the owners sell the properties on the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the values of the properties.

In valuing the properties situated in the PRC, we have assumed that the TOM Group has free and uninterrupted rights to use or to assign the properties for the whole of the unexpired terms as granted. We have also assumed that transferable land use rights in respect of the properties for specific terms at nominal annual land use fees have been granted and that, unless otherwise stated, any premiums payable have already been fully paid. We have relied on the advice given by the TOM Group and the TOM Group's PRC and Malaysian legal advisers regarding the title to the properties and the TOM Group's interests in the properties in the PRC and Malaysia respectively.

We have valued the properties in Groups I and II which are owned by the TOM Group in the PRC and Malaysia respectively by making reference to comparable sales transactions as available in the relevant market.

Properties in Groups III, IV and V which are leased to the TOM Group in Hong Kong, the PRC and Taiwan respectively are considered to have no commercial value mainly due to the prohibitions against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

We have relied to a very considerable extent on the information given by the TOM Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of properties, particulars of occupancy, floor areas, interest attributable to the TOM Group and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the TOM Group and are therefore only approximations. No on-site measurement has been carried out.

We have been provided with copies of documents in relation to the title of the owned properties and copies of the tenancy agreements relating to all leased properties. However, we have not examined the original documents to ascertain ownership or to verify any amendments which may not appear on the copies handed to us. The documents have been used for reference only and all dimensions and measurements are based on the copies of documents or other information provided to us by the TOM Group and are therefore only approximations. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct. We have no reason to doubt the truth and accuracy of the information provided to us by the TOM Group which are material to the valuations. We were also advised by the TOM Group that no material facts have been omitted from the information supplied.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Unless otherwise stated, all sums stated in our valuations are in HK dollars. The exchange rates adopted in our valuations are approximately HK\$1=RMB1.06 and HK\$2.05=1RM which were approximately the prevailing exchange rates as at the date of valuation and the date of this letter.

We enclose herewith a summary of valuations and our valuation certificate.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K.B. Wong
Registered Professional Surveyor
(General Practice Division)
M.H.K.I.S., M.R.I.C.S.
Director

Note: Mr. K.B. Wong is a Registered Professional Surveyor who has extensive experience in the valuation of properties in Hong Kong, the PRC, Malaysia and Taiwan.

SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 31 March 2004 <i>HK\$</i>	Interest attributable to the TOM Group <i>%</i>	Capital value in existing as at 31 March 2004 attributable to the TOM Group <i>HK\$</i>
Group I – Properties owned by the TOM Group in the PRC			
1. Unit No. 46 on Level 1, Block B, Phase 1, Fuchun Commercial Centre, Wucheng Road, Kunming, Yunnan Province	80,000	100	80,000
2. Levels 8 & 9, Hong Cheng Plaza, Fu Run Qiao, Qing Nian Road, Kunming, Yunnan Province	12,000,000	100	12,000,000
		Sub-total:	12,080,000
Group II – Properties owned by the TOM Group in Malaysia			
3. No. 11, Jalan 30D/146, Desa Tasik, Sungai Besi, 57000 Kuala Lumpur, Malaysia	922,500	62.38	575,456
		Sub-total:	575,456
		Grand Total:	12,655,456

Property	Capital value in existing state as at 31 March 2004 HK\$
Group III – Properties leased to the TOM Group in Hong Kong	
4. The whole of 48th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong	No commercial value
5. 13th Floor, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong	No commercial value
6. Unit F on 6th Floor, CNT Tower, 326-338 Hennessy Road, Wanchai, Hong Kong	No commercial value
7. Office, godown and car parking spaces in Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong	No commercial value
8. Rooms 601-4 on 6th Floor and Two Satellite Dishes on the Roof Top and One Back-up Generator on the Flat Roof of 3rd Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong	No commercial value
Group IV – Properties leased to the TOM Group in the PRC	
9. Unit Nos. 1-8 on Level 9, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	No commercial value
10. Level 8, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	No commercial value
11. Unit Nos. 7-8 on Level 5, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	No commercial value
12. Unit No. 5 on Level 9, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	No commercial value
13. Unit No. B407-5 on Level 4, Huilongsen International Enterprise Incubator Building, 14 Zhonghe Road, Economic Developing Zone, Beijing	No commercial value

Property	Capital value in existing state as at 31 March 2004 HK\$
14. Unit Nos. 306, 316 and 406, Block A, Chuangxin Building, Enterprise Park, 12 Hongda North Road, Economic Developing Zone, Beijing	No commercial value
15. Unit No. 315 on Level 3, Block A, Chuangxin Building, Enterprise Park, 12 Hongda North Road, Economic Developing Zone, Beijing	No commercial value
16. A residential unit in Xinkang Garden, Yi Zhuang, Economic Developing Zone, Beijing	No commercial value
17. 2 residential units in Xinkang Garden, Yi Zhuang, Economic Developing Zone, Beijing	No commercial value
18. Unit 402 on Level 4, Block A, Dehui Building, A39 Xingfu Avenue, Chongwen District, Beijing	No commercial value
19. Unit No. 7-202 in Block No. 12, East 1st Lane, Xi San Qi, Haidian District, Beijing	No commercial value
20. Unit Nos. 908 and 910 on Level 9, Block C, Chengdu International Business Centre, 1 Tianxianqiao South Road, Chengdu, Sichuan Province	No commercial value
21. Level 24, Jiangxin Building, 58 Taisheng North Road, Qingdanyang, Chengdu, Sichuan Province	No commercial value
22. Unit No. 508D, Pangu Building, Dalian Free Trade Zone, Dalian, Liaoning Province	No commercial value
23. Unit Nos. 3201, 3202 & 3212B on Level 32, World Trade Centre, 25 Tongxing Street, Zhongshan District, Dalian, Liaoning Province	No commercial value
24. Level 2, Block A, Enterprise Service Centre, Jindingshan, High and New Technology Developing Area, Kunming, Yunnan Province	No commercial value
25. The Warehouse Building, 107 Tudui Village, Baima Sub-district, Xishan District, Kunming, Yunnan Province	No commercial value

Property	Capital value in existing state as at 31 March 2004 HK\$
26. Unit Nos. 1208-1209 on Level 12, CITIC Square, 1168 Nanjing West Road, Jingan District, Shanghai	No commercial value
27. Unit Nos. 1810-1812 on Level 18, Charity Plaza, 88 Cao Xi North Road, Shanghai	No commercial value
28. Unit Nos. 2701, 2716-2721 on Level 27, Dongshan Plaza, 45-77 Xianlie Central Road, Dongshan District, Guangzhou, Guangdong Province	No commercial value
29. Unit No. 1603 on Level 16, West Tower, China Travel Commercial Centre, 39-49 Qiaolin Street, Linhe East Road, Tianhe District, Guangzhou, Guangdong Province	No commercial value
30. Portion of Level 6, Printing Building, 733 Dongfengdong Road, Guangzhou, Guangdong Province	No commercial value
31. Portion of Level 6, Printing Building, 733 Dongfengdong Road, Guangzhou, Guangdong Province	No commercial value
32. Unit Nos. 2207-2210 on Level 22, West Tower, Yang Chang International Trade Centre, 122 Tiyu East Road, Tianhe District, Guangzhou, Guangdong Province	No commercial value
33. Portion of Unit No. 403 on Level 4, Xin Xi Building, 1 Tongxin Road, Futian District, Shenzhen, Guangdong Province	No commercial value
34. Portion of Unit No. 403 on Level 4, Xin Xi Building, 1 Tongxin Road, Futian District, Shenzhen, Guangdong Province	No commercial value
35. Unit No. 3A07 on Level 3, Sheng Li Building, 139 Heihuguan West Road, Lixia District, Jinan, Shandong Province	No commercial value
36. Unit No. 2402 on Level 24, Gangao Building, 21 Shandong Road, Qingdao, Shandong Province	No commercial value
37. Unit 12A on Level 12, Haite Building, 29 Nongye Road, Jinshui District, Henan Province	No commercial value

Property	Capital value in existing state as at 31 March 2004 HK\$
38. Unit Nos. 05 and 07 on Level 10, Dongda Zhihui Building, 87 Xiao Xi Road, Shenhe District, Shenyang, Liaoning Province	No commercial value
39. Unit Nos. 1403, 1405-1407, Block C, President Building, 69 Heping North Avenue, Heping District, Shenyang, Liaoning Province	No commercial value
40. Portion of Level 17, Block B, World Plaza, 158 Wusi Road, Gulou District, Fuzhou, Fujian Province	No commercial value
41. Portion of Level 17, Block A and B, World Plaza, 158 Wusi Road, Gulou District, Fuzhou, Fujian Province	No commercial value
42. Unit Nos. C and D on Level 22, CITIC Huiyang Building, 59 Hubin North Road, Siming District, Xiamen, Fujian Province	No commercial value
43. Unit E on Level 18, International Trade Centre, 1 Linhe West Road, Tianhe District, Guangzhou, Guangdong Province	No commercial value
44. Unit No. 110 on Level 1, Rear Block, 16 Gongti East Road, Chaoyang District, Beijing	No commercial value
45. Unit Nos. A and B on Level 29, Guancheng Plaza, 308 Shuncheng Avenue, Chengdu, Sichuan Province	No commercial value
46. Unit No. 902C on Level 9, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	No commercial value
47. Unit No. 426 on Level 4, 3 Gao Xin Street, High and New Technology Developing Area, Dalian, Liaoning Province	No commercial value
48. Portion of Level 10, Block No. 2, 410 Si Ming South Road, Xiamen, Fujian Province	No commercial value
49. 3 units in 36 Jincheng Street, Guancheng District, Zhengzhou, Henan Province	No commercial value

Property	Capital value in existing state as at 31 March 2004 HK\$
Group V – Properties leased to the TOM Group in Taiwan	
50. West Wing of 2nd Floor, 4th Floor, West Wing of 5th Floor, 7th Floor, 8th Floor, East and West Wings of 9th Floor, 10th Floor, 11th Floor and 12th Floor, No. 141, Section 2, Minsheng East Road, Zhongshan District, Taipei	No commercial value
51. 3rd Floor, No. 32-34, Section 2, Dunhua South Road, Da-an District, Taipei	No commercial value
52. Unit 2 on 5th Floor, No. 376, Section 1, Dunhua South Road, Da-an District, Taipei	No commercial value
53. Unit A on 1st Basement, Guojian Building, No. 141, Section 2, Minsheng East Road, Zhongshan District, Taipei	No commercial value
54. 1st Floor, No. 167, Section 2, Shueiyuan Road, Sijhih City, Taipei County	No commercial value
55. 11th Floor, No. 213, Section 2, Xingyi Road, Zhongzheng District, Taipei	No commercial value
56. 3rd Floor, No. 22, Lane 116, Section 2, Jianguo North Road, Zhongshan District, Taipei	No commercial value
57. 6th Floor, No. 20, Section 2, Xinsheng South Road, Da-an District, Taipei	No commercial value
58. 7th Floor, No. 20, Section 2, Xinsheng South Road, Da-an District, Taipei	No commercial value
59. Unit 12-9, Lane 60, Section 4, Changsing Road, Lujhu Township, Taoyuan County	No commercial value
60. Unit 12-1, Lane 60, Section 4, Changsing Road, Lujhu Township, Taoyuan County	No commercial value
61. Unit 12-3, Lane 60, Section 4, Changsing Road, Lujhu Township, Taoyuan County	No commercial value

Property	Capital value in existing state as at 31 March 2004 HK\$
62. 1st Floor, No. 460, Yingcai Road, West District, Taichung	No commercial value
63. Unit 1 on Ground Floor and the whole of 1st Basement Floor, No. 163, Guangjhou 1 Street, Lingya District, Kaohsiung	No commercial value
64. 1st Floor and Car Parking Space No. 3 on 1st Basement, No. 100, Aiguo East Road, Zhongzheng District, Taipei	No commercial value
65. No. 30, Section 4, Changsing Road, Lujhu Township, Taoyuan County	No commercial value
66. Whole of 1st and 2nd Floors, No. 65, Section 2, Minsheng East Road, Zhongshan District, Taipei	No commercial value
67. Portion of 4th Floor, No. 10, Lane 270, Section 3, Beishen Road, Shenkeng Township, Taipei County	No commercial value
68. Portion of 4th Floor, No. 10, Lane 270, Section 3, Beishen Road, Shenkeng Township, Taipei County	No commercial value
69. No. 325, Section 2, Ankang Road, Sindian City, Taipei County	No commercial value

VALUATION CERTIFICATE

Group I – Properties owned by the TOM Group in the PRC

Property	Description and tenure	Particulars of Occupancy	Capital value in existing state as at 31 March 2004
1. Unit No. 46 on Level 1, Block B, Phase 1, Fuchun Commercial Centre, Wucheng Road, Kunming, Yunnan Province	The property comprises a unit on Level 1 of a 13-storey building completed in the 1990's. The property has a gross floor area of approximately 15.98 sq.m. (172 sq.ft.).	The property is currently vacant.	HK\$80,000

Notes:

- (1) According to Building Ownership Certificate No. 9953524 issued by Kunming Real Estate Administration Bureau, the building ownership of the property comprising a gross floor area of 15.98 sq.m. is held by Kunming Fench Star Information Industry Limited (昆明風馳明星信息產業有限責任公司), a company which is accounted for as a 100% owned subsidiary of the Company.
- (2) According to Business Licence No. 5300001001275, Kunming Fench Star Information Industry Limited was established with a registered capital of RMB11,000,000 with a valid operation period from 4 August 2003 to 19 May 2009.
- (3) The opinion of the TOM Group's PRC legal adviser, Beilang Law Firm, states that:
 - (i) Kunming Fench Star Information Industry Limited has obtained the land use rights and the building ownership of the property;
 - (ii) Kunming Fench Star Information Industry Limited is entitled to transfer (including but not limited to dispose of and mortgage) the building together with the respective land use rights in accordance with the PRC laws without any legal obstruction.
- (4) We have prepared our valuation on the following assumptions:
 - (i) Kunming Fench Star Information Industry Limited is in possession of a proper legal title to the property and is entitled to transfer the property together with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all considerations have been fully settled;
 - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be freely disposed of to other parties.
- (5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the TOM Group and the aforesaid legal opinion are as follows:

Certificate for the Use of State-owned Land	N/A
Building Ownership Certificate	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of Occupancy	Capital value in existing state as at 31 March 2004
2. Levels 8 & 9, Hong Cheng Plaza, Fu Run Qiao, Qing Nian Road, Kunming, Yunnan Province	The property comprises Levels 8 and 9 of a 21-storey building completed in the 1990's. The property has a total gross floor area of approximately 3,078.88 sq.m. (33,141 sq.ft.).	Level 8 is currently occupied by the TOM Group as office whilst the remaining portion is vacant.	HK\$12,000,000

Notes:

- (1) According to Building Ownership Certificate No. 200400428 issued by Kunming Real Estate Administration Bureau, the building ownership of the property comprising a total gross floor area of 3,078.88 sq.m. is held by Kunming Fench Media Company Limited (昆明風馳傳媒有限公司), a company which is accounted for as a 100% owned subsidiary of the Company.
- (2) According to Business Licence No. QHDZZ 001283, Kunming Fench Media Co., Ltd. was established with a registered capital of RMB11,000,000 with a valid operation period from 30 July 2001 to 29 July 2031.
- (3) The opinion of the TOM Group's PRC legal adviser, Beilang Law Firm, states that:
 - (i) Kunming Fench Media Company Limited has obtained the land use rights and the building ownership of the property;
 - (ii) Kunming Fench Media Company Limited is entitled to transfer (including but not limited to dispose of and mortgage) the building together with the respective land use rights in accordance with the PRC laws without any legal obstruction.
- (4) We have prepared our valuation on the following assumptions:
 - (i) Kunming Fench Media Company Limited is in possession of a proper legal title to the property and is entitled to transfer the property together with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (ii) all considerations have been fully settled;
 - (iii) the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) the property may be freely disposed of to other parties.
- (5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the TOM Group and the aforesaid legal opinion are as follows:

Certificate for the Use of State-owned Land	N/A
Building Ownership Certificate	Yes
Business Licence	Yes

Group II – Properties owned by the TOM Group in Malaysia

Property	Description and tenure	Particulars of Occupancy	Capital value in existing state as at 31 March 2004
3. No. 11, Jalan 30D/146, Desa Tasik, Sungai Besi, 57000 Kuala Lumpur, Malaysia	The property comprises a one and a half storey factory building erected upon a site of approximately 192 sq.m. (2,067 sq.ft.) and was completed in about 1998. The property has a floor area of approximately 278.71 sq.m. (3,000 sq.ft.). The property is held from the Government for a term of 80 years from 27 December 2003 to 26 December 2083. The current annual Government Rent payable for the property is RM308.	The property is currently occupied by the TOM Group for industrial and office uses.	HK\$922,500 (62.38% interest attributable to the TOM Group: HK\$575,456)

Notes:

- (1) The owner of the property is Cite (Malaysia) Sdn. Bhd., a company which is accounted for as a 62.38% owned subsidiary of the Company.
- (2) According to the opinion of the TOM Group's Malaysian legal adviser, Cite (Malaysia) Sdn. Bhd. is the legal and beneficial owner of the property. There is no encumbrance or defect in the title or right of Cite (Malaysia) Sdn. Bhd. as the owner of the property including but not limited to its right to transfer, mortgage or otherwise dispose of the property.

Group III – Properties leased to the TOM Group in Hong Kong

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
4. The whole of 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong	The property comprises the entire office floor on the 48th floor of a 73-storey (including 3 basement levels) commercial/office building completed in 1998. The property has a gross floor area of approximately 2,375 sq.m. (25,563 sq.ft.) and is currently occupied by the TOM Group for office use. The property is currently leased to TOM.COM International Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term of 3 years from 1 April 2004 to 31 March 2007 at a monthly rent of HK\$414,121, exclusive of rates, Government rent, air-conditioning and management charges.	No commercial value
5. 13th Floor, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong	The property comprises the entire office space on the 13th floor of a 23-storey plus a basement level commercial building completed in 2002. The property has a gross floor area of approximately 433 sq.m. (4,661 sq.ft.) and is currently occupied by the TOM Group for office use. The property is currently leased to TOM (Cup Magazine) Publishing Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term of 2 years from 10 October 2003 to 9 October 2005 at a monthly rent of HK\$41,994, exclusive of rates but inclusive of management fees.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
6. Unit F on 6th Floor, CNT Tower, 326-338 Hennessy Road, Wanchai, Hong Kong	The property comprises an office unit on the 6th floor of a 28-storey commercial building erected upon a 2-level car parking basement completed in 1993. The property has a gross floor area of approximately 137.22 sq.m. (1,477 sq.ft.) and is currently occupied by the TOM Group for commercial use. The property is currently leased to YCP Advertising Limited, a company which is accounted for as an 80% owned subsidiary of the Company, for a term of one year from 1 January 2004 to 31 December 2004 at a monthly rent of HK\$12,000, inclusive of rates but exclusive of management fees.	No commercial value
7. Office, godown and car parking spaces in Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong	The property comprises certain office spaces, godown spaces and car parking spaces of a 19-storey industrial building completed in 1992. The property is currently leased to Yazhou Zhoukan Limited, a company which is accounted for as a 50% owned subsidiary of the Company, under a rental agreement dated 1 April 2004 which stipulates that the monthly rents for office, godown and car parking uses of the property, inclusive of rates, building management fee and other expenses effective from 1 April 2004 to 31 March 2005 are HK\$5.00 per sq.ft., HK\$5.40 per sq.ft. and HK\$2,500 per parking space respectively depending on the actual office, godown and car parking spaces occupied by the TOM Group in the building. The TOM Group is currently occupying the whole of the 15th floor for office use, portions of godown space on the 1st Floor for storage use and Car Parking Space No. 24 on the ground floor of Ming Pao Industrial Centre.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
8. Rooms 601-4 on 6th Floor and Two Satellite Dishes on the Roof Top and One Back-up Generator on the Flat Roof of 3rd Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong	The property comprises 4 office units on the 6th floor of a 38-storey commercial building together with the right to install two satellite dishes on the roof and one back-up generator on the flat roof of the 3rd floor. The building was completed in 1987. The office units of the property have a total gross floor area of approximately 675.68 sq.m. (7,273 sq.ft.) and are currently occupied by the TOM Group for office use. The office units on the 6th floor of the property are currently leased to TOM Digital Media Center Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term of one year from 9 November 2003 to 8 November 2004 at a monthly rent of HK\$83,639.5, exclusive of rates and service charge. The tenancy is also subject to an option to renew for a further term of one year at the then open market rent. The two satellite dishes on the roof and one back-up generator on the flat roof of the 3rd floor are subject to a licence agreement for a term of one year from 9 November 2003 to 8 November 2004 at a monthly licence fee of HK\$5,000. However, the licence agreement shall be determined upon the expiry or the sooner termination of the lease in respect of Rooms 601-4 on the 6th floor of the property.	No commercial value

Group IV – Properties leased to the TOM Group in the PRC

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
9. Unit Nos. 1-8 on Level 9, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	The property comprises 8 office units on Level 9 of a 21-storey office building completed in 2002. The property has a total gross floor area of 2,312 sq.m. (24,886 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to TOM.COM (China) Investment Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term of 3 years from 15 June 2003 to 14 June 2006 at a monthly rent of US\$40,460, exclusive of management fee and utilities charges.	No commercial value
10. Level 8, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	The property comprises the space on Level 8 of a 21-storey office building completed in 2002. The property has a gross floor area of 3,074 sq.m. (33,089 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Beijing Super Channel Network Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term of 3 years from 15 June 2003 to 14 June 2006 at a monthly rent of US\$53,795, exclusive of management fee and utilities charges.	No commercial value
11. Unit Nos. 7-8 on Level 5, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	The property comprises 2 office units on Level 5 of a 21-storey office building completed in 2002. The property has a total gross floor area of 656 sq.m. (7,061 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Beijing Leitingwuji Network Technology Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 1 January 2004 to 14 August 2006 at a monthly rent of US\$11,480, exclusive of management fee and utilities charges.	No commercial value
12. Unit No. 5 on Level 9, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	The property comprises an office unit on Level 9 of a 21-storey office building completed in 2002. The property has a gross floor area of 573.59 sq.m. (6,174 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently sub-leased to Beijing GreaTom United Technology Company Limited, a company which is accounted for as a 64.48% owned subsidiary of the Company, for a term from 19 December 2003 to 14 June 2006 at a monthly rent of US\$11,471.80, exclusive of management fee and utilities charges.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
13. Unit No. B407-5 on Level 4, Huilongsen International Enterprise Incubator Building, 14 Zhonghe Road, Economic Developing Zone, Beijing	The property comprises a unit on Level 4 of a multi-storey office building completed in the 2000's. The property has a gross floor area of 20 sq.m. (215 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Puccini International Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 1 October 2003 to 30 September 2004 at a monthly rent of RMB1,200, inclusive of management fee and utilities charges.	No commercial value
14. Unit Nos. 306, 316 and 406, Block A, Chuangxin Building, Enterprise Park, 12 Hongda North Road, Economic Developing Zone, Beijing	The property comprises 3 units on Levels 3 and 4 of an 8-storey building completed in 2001. The property has a total saleable floor area of 315.68 sq.m. (3,398 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Beijing Lei Ting Wan Jun Network Technology Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 14 November 2003 to 13 November 2004 at a monthly rent of RMB3,500, inclusive of management fee and utilities charges.	No commercial value
15. Unit No. 315 on Level 3, Block A, Chuangxin Building, Enterprise Park, 12 Hongda North Road, Economic Developing Zone, Beijing	The property comprises a unit on Level 3 of an 8-storey building completed in 2001. The property has a saleable floor area of 68.46 sq.m. (737 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Beijing Leitingwuji Network Technology Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 14 November 2003 to 13 November 2004 at an annual rent of RMB39,980.64, exclusive of management fee and utilities charges.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
16. A residential unit in Xinkang Garden, Yi Zhuang, Economic Developing Zone, Beijing	The property comprises a residential unit in a multi-storey building. The property has a gross floor area of 120 sq.m. (1,292 sq.ft.) and is currently occupied by the TOM Group as staff quarter. The property is currently leased to Beijing Leitingwuji Network Technology Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 20 November 2003 to 19 November 2004 at a monthly rent of RMB3,500, inclusive of management fee.	No commercial value
17. 2 residential units in Xinkang Garden, Yi Zhuang, Economic Developing Zone, Beijing	The property comprises 2 residential units in a multi-storey building. The property has a total gross floor area of 190 sq.m. (2,045 sq.ft.) and is currently occupied by the TOM Group as staff quarter. The property is currently leased to Beijing Lei Ting Wan Jun Network Technology Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 20 November 2003 to 19 November 2004 at a total monthly rent of RMB5,600, exclusive of management fee and utilities charges.	No commercial value
18. Unit 402 on Level 4, Block A, Dehui Building, A39 Xingfu Avenue, Chongwen District, Beijing	The property comprises a unit on Level 4 of a 4-storey building completed in 1993. The property has a gross floor area of 188 sq.m. (2,024 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Guangdong Yangcheng Advertising Company Limited, a company which is accounted for as an 80% owned subsidiary of the Company, for a term from 1 April 2004 to 31 March 2005 at a daily rent of RMB409.84.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
19. Unit No. 7-202 in Block No. 12, East 1st Lane, Xi San Qi, Haidian District, Beijing	The property comprises a residential unit in a multi-storey building. The property has a gross floor area of 59.68 sq.m. (642 sq.ft.) and is currently occupied by the TOM Group as staff quarter. The property is currently leased to Beijing Redsail Netlegend Data Network Technology Company Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term from 26 December 2003 to 25 December 2004 at a monthly rent of RMB1,200, inclusive of management fee.	No commercial value
20. Unit Nos. 908 and 910 on Level 9, Block C, Chengdu International Business Centre, 1 Tianxianqiao South Road, Chengdu, Sichuan Province	The property comprises 2 units on Level 9 of a multi-storey office building. The property has a total gross floor area of 459.70 sq.m. (4,948 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Beijing Lei Ting Wan Jun Network Technology Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 24 September 2003 to 23 September 2004 at a monthly rent of RMB3,300, exclusive of management fee and utilities charges.	No commercial value
21. Level 24, Jiangxin Building, 58 Taisheng North Road, Qingdanyang, Chengdu, Sichuan Province	The property comprises the whole of Level 24 of a 26-storey office building. The property has a gross floor area of 400 sq.m. (4,306 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Sichuan Southwest Outdoor Media Company Limited, a company which is accounted for as a 70% owned subsidiary of the Company, for a term from 1 February 2003 to 31 January 2005 at a monthly rent of RMB10,000, exclusive of management fee and utilities charges.	No commercial value
22. Unit No. 508D, Pangu Building, Dalian Free Trade Zone, Dalian, Liaoning Province	The property comprises a unit on Level 5 of an 8-storey building completed in 1996. The property has a gross floor area of 45 sq.m. (484 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Liaoning New Star Guangming Media Assets Company Limited, a company which is accounted for as a 60% owned subsidiary of the Company, for a term from 28 April 2004 to 27 April 2005 at an annual rent of RMB5,000.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
23. Unit Nos. 3201, 3202 & 3212B on Level 32, World Trade Centre, 25 Tongxing Street, Zhongshan District, Dalian, Liaoning Province	The property comprises 3 units on Level 32 of a 52-storey office building completed in 1991. The property has a total gross floor area of 358.0314 sq.m. (3,854 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Liaoning New Star Guangming Media Assets Company Limited, a company which is accounted for as a 60% owned subsidiary of the Company, for a term from 1 July 2002 to 30 June 2005 at an annual rent of RMB408,000, exclusive of management fee and utilities charges.	No commercial value
24. Level 2, Block A, Enterprise Service Centre, Jindingshan, High and New Technology Developing Area, Kunming, Yunnan Province	The property comprises portion of Level 2 of an 8-storey building completed in the 1990's. The property has a gross floor area of 34 sq.m. (366 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Kunming Fench Media Company Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term from 16 May 2004 to 15 May 2005 at an annual rent of RMB3,672, exclusive of management fee and utilities charges.	No commercial value
25. The Warehouse Building, 107 Tudui Village, Baima Sub-district, Xishan District, Kunming, Yunnan Province	The property comprises portion of a single-storey building completed in 1983. The property has a gross floor area of 177 sq.m. (1,905 sq.ft.) and is currently occupied by the TOM Group for storage use. The property is currently leased to Kunming Fench Star Information Industry Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term from 1 August 2001 to 31 July 2004 at a monthly rent of RMB1,300, exclusive of management fee and utilities charges.	No commercial value
26. Unit Nos. 1208-1209 on Level 12, CITIC Square, 1168 Nanjing West Road, Jingan District, Shanghai	The property comprises 2 units on Level 12 of a 45-storey office building completed in 2000. The property has a gross floor area of 325 sq.m. (3,498 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Shanghai Super Channel Network Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 1 January 2004 to 31 December 2005 at a monthly rent of US\$6,722.08, exclusive of management fee and utilities charges.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
27. Unit Nos. 1810-1812 on Level 18, Charity Plaza, 88 Cao Xi North Road, Shanghai	The property comprises 3 units on Level 18 of a 27-storey building completed in 2003. The property has a total gross floor area of 529.08 sq.m. (5,695 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Shanghai TOM Advertising Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term from 1 December 2003 to 30 November 2006 at a monthly rent of RMB59,940, exclusive of management fee and utilities charges.	No commercial value
28. Unit Nos. 2701, 2716-2721 on Level 27, Dongshan Plaza, 45-77 Xianlie Central Road, Dongshan District, Guangzhou, Guangdong Province	The property comprises 7 units on Level 27 of a 32-storey commercial/office composite building completed in 1996. The property has a total gross floor area of 771.51 sq.m. (8,305 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Shenzhen Freenet Information Technology Company Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 16 December 2003 to 15 December 2004 at an annual rent of RMB67,121, exclusive of management fee and utilities charges.	No commercial value
29. Unit No. 1603 on Level 16, West Tower, China Travel Commercial Centre, 39-49 Qiaolin Street, Linhe East Road, Tianhe District, Guangzhou, Guangdong Province	The property comprises a unit on Level 16 of a 30-storey office building completed in 2002. The property has a gross floor area of 183.223 sq.m. (1,972 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Guangzhou TOM Advertising Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term from 16 November 2003 to 15 November 2005 at a monthly rent of RMB12,825.61, exclusive of management fee and utilities charges.	No commercial value
30. Portion of Level 6, Printing Building, 733 Dongfengdong Road, Guangzhou, Guangdong Province	The property comprises portion of Level 6 of a 9-storey building completed in 1983. The property has a gross floor area of 288.91 sq.m. (3,110 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Guangdong Yangcheng Press Sports Development Company Limited, a company which is accounted for as an 80% owned subsidiary of the Company, for a term from 1 July 2003 to 31 March 2005 at a monthly rent of RMB4,617.18, exclusive of management fee and utilities charges.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
31. Portion of Level 6, Printing Building, 733 Dongfengdong Road, Guangzhou, Guangdong Province	The property comprises portion of Level 6 of a 9-storey building completed in 1983. The property has a gross floor area of 962.59 sq.m. (10,361 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Guangdong Yangcheng Advertising Company Limited, a company which is accounted for as an 80% owned subsidiary of the Company, for a term from 1 July 2003 to 31 March 2005 at a monthly rent of RMB14,085.58, exclusive of management fee and utilities charges.	No commercial value
32. Unit Nos. 2207-2210 on Level 22, West Tower, Yang Chang International Trade Centre, 122 Tiyu East Road, Tianhe District, Guangzhou, Guangdong Province	The property comprises 4 units on Level 22 of a 26-storey office building completed in 1998. The property has a total gross floor area of 298.33 sq.m. (3,211 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to China Entertainment Television Broadcast Limited, a company which is accounted for as a 64.07% owned subsidiary of the Company, for a term from 16 February 2004 to 28 February 2006 at a monthly rent of RMB22,375, exclusive of management fee and utilities charges. The said rental will be revised to RMB23,866 from 1 March 2005.	No commercial value
33. Portion of Unit No. 403 on Level 4, Xin Xi Building, 1 Tongxin Road, Futian District, Shenzhen, Guangdong Province	The property comprises portion of a unit on Level 4 of a 6-storey office building completed in the 1990's. The property has a gross floor area of 691.4 sq.m. (7,443 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to ECLink Electronic Network Systems (Shenzhen) Company Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term from 1 March 2004 to 28 February 2005 at a monthly rent of RMB48,400.80, exclusive of management fee and utilities charges.	No commercial value
34. Portion of Unit No. 403 on Level 4, Xin Xi Building, 1 Tongxin Road, Futian District, Shenzhen, Guangdong Province	The property comprises portion of a unit on Level 4 of a 6-storey office building completed in the 1990's. The property has a gross floor area of 100 sq.m. (1,076 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Shenzhen New ECLink Network Information Technology Company Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term from 1 March 2004 to 28 February 2005 at a monthly rent of RMB7,000, exclusive of management fee and utilities charges.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
35. Unit No. 3A07 on Level 3, Sheng Li Building, 139 Heihuguan West Road, Lixia District, Jinan, Shandong Province	The property comprises a unit on Level 3 of a 10-storey office building completed in 1988. The property has a floor area of 195.64 sq.m. (2,106 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Shandong Longjun Media Company Limited (formerly known as Shandong Qilu International Outdoor Media Company Limited), a company which is accounted for as a 60% owned subsidiary of the Company, for a term of 3 years from 1 September 2002 to 31 August 2005 at an annual rent of RMB183,877.15, exclusive of management fee and utilities charges. The said rental is subject to an annual increment of 3%.	No commercial value
36. Unit No. 2402 on Level 24, Gangao Building, 21 Shandong Road, Qingdao, Shandong Province	The property comprises a unit on Level 24 of a 26-storey building completed in 1997. The property has a gross floor area of 521 sq.m. (5,608 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Qingdao Chunyu Advertising Chuanbo Company Limited, a company which is accounted for as a 70% owned subsidiary of the Company, for a term of 3 years from 1 July 2002 to 30 June 2005 at an annual rent of RMB180,000, exclusive of management fee and utilities charges.	No commercial value
37. Unit 12A on Level 12, Haite Building, 29 Nongye Road, Jinshui District, Henan Province	The property comprises a unit on Level 12 of an 18-storey building completed in 1996. The property has a gross floor area of 821.30 sq.m. (8,840 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Henan New Tianming Advertising & Information Chuanbo Company Limited, a company which is accounted for as a 50% owned subsidiary of the Company, for a term of 4 years from 1 January 2002 to 1 January 2006 at an annual rent of RMB250,000, exclusive of management fee and utilities charges.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
38. Unit Nos. 05 and 07 on Level 10, Dongda Zhihui Building, 87 Xiao Xi Road, Shenhe District, Shenyang, Liaoning Province	The property comprises 2 units on Level 10 of a multi-storey building completed in the 1990's. The property has a total gross floor area of 77.508 sq.m. (834 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Liaoning Falida Advertising Company Limited, a company which is accounted for as a 60% owned subsidiary of the Company, for a term from 13 June 2004 to 12 December 2004 at a total rent of RMB18,000, exclusive of management fee and utilities charges.	No commercial value
39. Unit Nos. 1403, 1405-1407, Block C, President Building, 69 Heping North Avenue, Heping District, Shenyang, Liaoning Province	The property comprises 4 units on Level 14 of a 28-storey building completed in 2002. The property has a total gross floor area of 386.516 sq.m. (4,160 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Shenyang Sano Global Media Company Limited, a company which is accounted for as a 60% owned subsidiary of the Company, for a term of 3 years from 8 May 2003 to 7 May 2006 at an annual rent of RMB502,470.80, inclusive of management fee and utilities charges.	No commercial value
40. Portion of Level 17, Block B, World Plaza, 158 Wusi Road, Gulou District, Fuzhou, Fujian Province	The property comprises portion of Level 17 of a 32-storey office building completed in 1997. The property has a gross floor area of 396 sq.m. (4,263 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Fujian Seeout Guangming Media Advertising Company Limited, a company which is accounted for as a 70% owned subsidiary of the Company, for a term from 31 October 2001 to 31 October 2006 at a monthly rent of RMB11,880 for the first 2 years, exclusive of management fee and utilities charges. The said rental is subject to an annual increment of 3% for every 2 years.	No commercial value
41. Portion of Level 17, Block A and B, World Plaza, 158 Wusi Road, Gulou District, Fuzhou, Fujian Province	The property comprises portion of Level 17 of a 32-storey office building completed in 1997. The property has a gross floor area of 151.9 sq.m. (1,635 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Fujian Seeout Guangming Media Advertising Company Limited, a company which is accounted for as a 70% owned subsidiary of the Company, for a term from 1 December 2003 to 30 December 2006 at an annual rent of RMB78,000, exclusive of management fee and utilities charges.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
42. Unit Nos. C and D on Level 22, CITIC Huiyang Building, 59 Hubin North Road, Siming District, Xiamen, Fujian Province	The property comprises 2 units on Level 22 of a 25-storey office building completed in 2000. The property has a total gross floor area of 412.97 sq.m. (4,445 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Xiamen Bomei Lianhe Advertising Company Limited, a company which is accounted for as a 60% owned subsidiary of the Company, for a term from 1 August 2003 to 31 July 2004 at a monthly rent of RMB10,000, exclusive of management fee and utilities charges.	No commercial value
43. Unit E on Level 18, International Trade Centre, 1 Linhe West Road, Tianhe District, Guangzhou, Guangdong Province	The property comprises a unit on Level 18 of a multi-storey building completed in the 1990's. The property has a gross floor area of 180 sq.m. (1,938 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Guangzhou Tianyu Tenglong Advertising Company Limited, a company which is accounted for as a 65% owned subsidiary of the Company, for a term from 8 July 2002 to 7 July 2004 at a monthly rent of RMB14,400, exclusive of management fee and utilities charges.	No commercial value
44. Unit No. 110 on Level 1, Rear Block, 16 Gongti East Road, Chaoyang District, Beijing	The property comprises a unit on Level 1 of a multi-storey building completed in the 1990's. The property has a gross floor area of 78 sq.m. (840 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to CNPIT TOM Culture Company Limited, a company which is accounted for as a 70% owned subsidiary of the Company, for a term of 2 years from 18 September 2002 at a monthly rent of RMB7,020.	No commercial value
45. Unit Nos. A and B on Level 29, Guancheng Plaza, 308 Shuncheng Avenue, Chengdu, Sichuan Province	The property comprises 2 office units on Level 29 of a 38-storey office building completed in the 1990's. The property has a total gross floor area of 459.7 sq.m. (4,948 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Beijing Lei Ting Wan Jun Network Technology Limited, a company which is accounted for as a 71.86% owned subsidiary of the Company, for a term from 8 June 2004 to 7 June 2006 at a monthly rent of RMB40,453.60, exclusive of management fee and utilities charges.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
46. Unit No. 902C on Level 9, Tower W3, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing	The property comprises portion of a unit on Level 9 of a 21-storey office building completed in the 2002. The property has a gross floor area of 60 sq.m. (4,948 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently sub-leased to Beijing Guojiatong Information Consultancy Company Limited, a company which is accounted for as a 100% owned subsidiary of the Company, for a term from 15 June 2003 to 14 June 2006 at a monthly rent of US\$1,200, exclusive of management fee and utilities charges.	No commercial value
47. Unit No. 426 on Level 4, 3 Gao Xin Street, High and New Technology Developing Area, Dalian, Liaoning Province	The property comprises 2 units in a multi-storey building completed in the 1990's. The property has a total gross floor area of 39.67 sq.m. (427 sq.ft.) and is currently occupied by the TOM Group as office. The property is currently leased to Liaoning New Star Century Media Industrial Co. Ltd., a company which is accounted for as a 60% owned subsidiary of the Company, for a term from 1 March 2004 to 28 February 2005 at a total rent of RMB8,570, exclusive of management fee and utilities charges.	No commercial value
48. Portion of Level 10, Block No. 2, 410 Si Ming South Road, Xiamen, Fujian Province	The property comprises portion of Level 10 of a multi-storey building completed in the 1990's. The property has a gross floor area of 100 sq.m. (1,076 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Xiamen Bomei Century Media Advertisement Company Limited, a company which is accounted for as a 60% owned subsidiary of the Company, for a term from 20 March 2004 to 19 March 2006 at nil rent, exclusive of management fee and utilities charges.	No commercial value
49. 3 units in 36 Jincheng Street, Guancheng District, Zhengzhou, Henan Province	The property comprises 3 units in a multi-storey building completed in the 1990's. The property has a total gross floor area of 119.9 sq.m. (1,291 sq.ft.) and is currently occupied by the TOM Group as office. The property is currently leased to Henan New Tianming Advertising & Information Chuanbo Company Limited, a company which is accounted for as a 50% owned subsidiary of the Company, for a term from 31 October 2003 to 30 January 2005 at an annual rent of RMB12,000, exclusive of management fee and utilities charges.	No commercial value

Group V – Properties leased to the TOM Group in Taiwan

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
50. West Wing of 2nd Floor, 4th Floor, West Wing of 5th Floor, 7th Floor, 8th Floor, East and West Wings of 9th Floor, 10th Floor, 11th Floor and 12th Floor, No. 141, Section 2, Minsheng East Road, Zhongshan District, Taipei	The property comprises the office space on the 2nd, 4th, 5th, 7th, 8th, 9th, 10th, 11th and 12th floors of a 14-storey (including 2 basements) commercial building completed in about 1982. The property has a total floor area of approximately 8,745.26 sq.m. (94,134 sq.ft.) and is currently occupied by the TOM Group as offices. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 5 years and 9 months from 1 November 2003 to 31 July 2009 at a monthly rent of NT\$3,703,616.	No commercial value
51. 3rd Floor, No. 32-34, Section 2, Dunhua South Road, Da-an District, Taipei	The property comprises the office space on the 3rd floor of a 14-storey (including 2 basements) composite building completed in about 1981. The property has a floor area of approximately 139.35 sq.m. (1,500 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Business Next Publishing Corp., a company which is accounted for as a 50.83% owned subsidiary of the Company, for a term of 1 year from 1 January 2004 to 31 December 2004 at a monthly rent of NT\$150,000.	No commercial value
52. Unit 2 on 5th Floor, No. 376, Section 1, Dunhua South Road, Da-an District, Taipei	The property comprises an office unit on the 5th floor of a 14-storey (including 2 basements) commercial building completed in about 1981. The property has a floor area of approximately 149.22 sq.m. (1,606 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Business Next Publishing Corp., a company which is accounted for as a 50.83% owned subsidiary of the Company, for a term of 1 year from 1 January 2004 to 31 December 2004 at a monthly rent of NT\$66,000.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
53. Unit A on 1st Basement, Guojian Building, No. 141, Section 2, Minsheng East Road, Zhongshan District, Taipei	The property comprises an office unit on the 1st basement floor of a 14-storey (including 2 basements) commercial building completed in about 1982. The property has a floor area of approximately 470.74 sq.m. (5,067 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 5 years and 5 months from 1 March 2004 to 31 July 2009 at a monthly rent of NT\$128,160.	No commercial value
54. 1st Floor, No. 167, Section 2, Shueiyuan Road, Sijhih City, Taipei County	The property comprises a unit on the 1st floor of a 2-storey residential building completed in about the 1960's. The property has a floor area of approximately 181.81 sq.m. (1,957 sq.ft.) and is currently occupied by the TOM Group for storage purpose. The property is currently leased to PC Home Publications Inc., a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 2 years from 1 August 2003 to 31 July 2005 at a monthly rent of NT\$23,000.	No commercial value
55. 11th Floor, No. 213, Section 2, Xingyi Road, Zhongzheng District, Taipei	The property comprises an office unit on the 11th floor of a 14-storey (including 2 basements) commercial building completed in about 1979. The property has a floor area of approximately 969.59 sq.m. (10,437 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 3 years from 1 December 2001 to 30 November 2004 at a monthly rent of NT\$400,355.	No commercial value
56. 3rd Floor, No. 22, Lane 116, Section 2, Jianguo North Road, Zhongshan District, Taipei	The property comprises the office space on the 3rd floor of an 8-storey (including a basement) composite building completed in about 1984. The property has a floor area of approximately 141.49 sq.m. (1,523 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 2 years from 1 February 2004 to 31 January 2006 at a monthly rent of NT\$30,000.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
57. 6th Floor, No. 20, Section 2, Xinsheng South Road, Da-an District, Taipei	The property comprises the office space on the 6th floor of an 8-storey (including a basement) composite building completed in about 1987. The property has a floor area of approximately 219.66 sq.m. (2,364 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Grimm Press Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 2 years from 1 January 2003 to 31 December 2004 at a monthly rent of NT\$105,000.	No commercial value
58. 7th Floor, No. 20, Section 2, Xinsheng South Road, Da-an District, Taipei	The property comprises the office space on the 7th floor of an 8-storey (including a basement) composite building completed in about 1987. The property has a floor area of approximately 219.66 sq.m. (2,364 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 2 years from 1 January 2003 to 31 December 2004 at a monthly rent of NT\$105,000.	No commercial value
59. Unit 12-9, Lane 60, Section 4, Changsing Road, Lujhu Township, Taoyuan County	The property comprises an industrial unit of a single-storey warehouse building completed in about 2000. The property has a floor area of approximately 2,314.05 sq.m. (24,908 sq.ft.) and is currently occupied by the TOM Group for storage use. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 3 years from 1 January 2002 to 31 December 2004 at a monthly rent of NT\$210,000.	No commercial value
60. Unit 12-1, Lane 60, Section 4, Changsing Road, Lujhu Township, Taoyuan County	The property comprises an industrial unit of a single-storey warehouse building completed in about 2000. The property has a floor area of approximately 3,305.79 sq.m. (35,584 sq.ft.) and is currently occupied by the TOM Group for storage use. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 3 years from 1 November 2002 to 31 October 2005 at a monthly rent of NT\$300,000.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
61. Unit 12-3, Lane 60, Section 4, Changsing Road, Lujhu Township, Taoyuan County	The property comprises an industrial unit of a single-storey warehouse building completed in about 2000. The property has a floor area of approximately 3,305.79 sq.m. (35,584 sq.ft.) and is currently occupied by the TOM Group for storage use. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 3 years from 1 August 2003 to 31 July 2006 at a monthly rent of NT\$300,000.	No commercial value
62. 1st Floor, No. 460, Yingcai Road, West District, Taichung	The property comprises the commercial space on the 1st floor of a 12-storey commercial building completed in about 1999. The property has a floor area of approximately 307.52 sq.m. (3,310 sq.ft.) and is currently occupied by the TOM Group as a book shop. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 5 years from 20 July 2002 to 19 July 2007 at a monthly rent of NT\$165,000 for the first and second years and the then open market rent for the remaining years.	No commercial value
63. Unit 1 on Ground Floor and the whole of 1st Basement Floor, No. 163, Guangjhou 1 Street, Lingya District, Kaohsiung	The property comprises a commercial unit on the ground floor and the commercial space on the whole of the 1st basement floor of a 15-storey (including 3 basements) composite building completed in about 1994. The property has a total floor area of approximately 634.38 sq.m. (6,828 sq.ft.) and is currently occupied by the TOM Group as a book shop. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 5 years from 1 September 2003 to 31 August 2008 at a monthly rent of NT\$130,000 for the first and second years and at an increment of NT\$10,000 per month for each of the remaining years.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
64. 1st Floor and Car Parking Space No. 3 on 1st Basement, No. 100, Aiguo East Road, Zhongzheng District, Taipei	The property comprises the commercial space on the 1st floor and a car parking space on the 1st basement of a 17-storey (including 2 basements) composite building completed in about 1985. The property has a floor area of approximately 371.90 sq.m. (4,003 sq.ft.) and is currently occupied by the TOM Group as a book shop. The property is currently leased to Cité Publishing Limited, a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 3 years from 1 January 2004 to 31 December 2006 at a monthly rent of NT\$266,513 for the first year subject to a 3% increase per annum thereafter.	No commercial value
65. No. 30, Section 4, Changsing Road, Lujhu Township, Taoyuan County	The property comprises a single-storey warehouse building completed in about 1999. The property has a floor area of approximately 3,305.79 sq.m. (35,584 sq.ft.) and is currently occupied by the TOM Group for storage use. The property is currently leased to Sharp Point Publishing Co. Ltd., a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term from 10 May 2002 to 10 May 2005 at a monthly rent of NT\$300,000.	No commercial value
66. Whole of 1st and 2nd Floors, No. 65, Section 2, Minsheng East Road, Zhongshan District, Taipei	The property comprises the office space on the 1st and 2nd floors of a 4-storey (including a basement) commercial building completed in about 1961. The property has a total floor area of approximately 280.41 sq.m. (3,018 sq.ft.) and is currently occupied by the TOM Group as an office. The property is currently leased to Sharp Point Publishing Co. Ltd., a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 2 years from 10 December 2003 to 9 December 2005 at a monthly rent of NT\$70,000.	No commercial value

Property	Description and tenure particulars	Capital value in existing state as at 31 March 2004
67. Portion of 4th Floor, No. 10, Lane 270, Section 3, Beishen Road, Shengkeng Township, Taipei County	The property comprises portion of the 4th floor of a 13-storey (including 4 basements) commercial building completed in about 1992. The property has a floor area of approximately 90.81 sq.m. (977 sq.ft.) and is currently occupied by the TOM Group for storage use. The property is currently leased to Business Weekly Publishing Inc., a company which is accounted for as an 83.17% owned subsidiary of the Company, for a term of 1 year from 16 July 2003 to 15 July 2004 at a monthly rent of NT\$19,950.	No commercial value
68. Portion of 4th Floor, No. 10, Lane 270, Section 3, Beishen Road, Shengkeng Township, Taipei County	The property comprises portion of the 4th floor of a 13-storey (including 4 basements) commercial building completed in about 1992. The property has a floor area of approximately 30.27 sq.m. (326 sq.ft.) and is currently occupied by the TOM Group for storage use. The property is currently leased to Business World Consulting Co., Inc., a company which is accounted for as a 53.75% owned subsidiary of the Company, for a term of 1 year from 16 July 2003 to 15 July 2004 at a monthly rent of NT\$6,600.	No commercial value
69. No. 325, Section 2, Ankang Road, Sindian City, Taipei County	The property comprises a single-storey warehouse building completed in about 1999. The property has a floor area of approximately 132.23 sq.m. (1,423 sq.ft.) and is currently occupied by the TOM Group for storage purpose. The property is currently leased to Nong Nong Magazine Co. Ltd., a company which is accounted for as a 66.54% owned subsidiary of the Company, for a term of 1 year from 1 January 2004 to 31 December 2004 at a monthly rent of NT\$28,000.	No commercial value

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association of the Company as restated and amended on 26 April 2004 states, inter alia, that the liability of members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix X in the section headed “Documents available for inspection”.

2. ARTICLES OF ASSOCIATION

The Articles of Association of the Company proposed to be adopted at the Extraordinary General Meeting include provisions to the following effect:

A. Classes of Shares

The share capital of the Company consists of ordinary shares.

B. Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such time and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly

conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors and associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically

or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which he or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or his associates of any security or indemnity in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal concerning any other company in which the Director or his associates is/are interested only, whether directly or indirectly, as an officer, executive or shareholder or in which the Director is beneficially interested in shares of that company, provided that, the Director and any of his associates are not in aggregate beneficially interested in five per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights;
- (v) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (aa) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or his associates may benefit;
 - (bb) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (vi) any contract or arrangement in which the Director or his associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or about the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by special resolution remove any Director and may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person other than a retiring Director shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal place of business in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by a special resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company all of the Directors for the time being shall retire from office, retaining office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

C. Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

D. Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class, and that any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

E. Alteration of Capital

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (ii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and
- (iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any manner authorised and subject to any conditions prescribed by the Companies Law.

F. Special resolution – majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

G. Voting rights (generally, on a poll and right to demand a poll)

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member of the Company who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) shall have one vote, and on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting for or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote, whether on a show of hands or on a poll, by any person authorised in such circumstances to do so and such person may vote on a poll by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members of the Company present in person or by proxy and entitled to vote; or
- (c) one or more members of the Company present in person or by proxy who are entitled to vote and who represent in aggregate not less than one-tenth of the total voting rights of all members of the Company having the right to attend and vote at the meeting; or
- (d) any member or members of the Company present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

On a poll votes may be given either personally or by proxy.

If a recognised clearing house (or its nominee) is a member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee) which he represents as that recognised clearing house (or its nominee) could exercise if it were an individual member of the Company holding the number and class of shares specified in such authorisation.

H. Annual general meetings

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorise) shall elapse between the date of one annual general meeting of the Company and that of the next.

I. Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date at which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

J. Notice of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to

propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20 per cent. (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

K. Transfer of Shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such maximum as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the instrument of transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice being given by advertisement in the newspaper or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed.

L. Power of the Company to purchase its own Shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong.

M. Power of any subsidiary of the Company to own Shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

N. Dividends and other methods of distributions

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members

of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

O. Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

P. Calls on Shares and forfeiture of Shares

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment) pay to the Company at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15 per cent. per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15 per cent. per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

Q. Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement in the newspapers, or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Directors may determine for each inspection.

R. Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in sub-paragraph D. above.

S. Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

T. Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in

trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

U. Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (i) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) the Company has not during that time or before the expiry of the three month period referred to in (iv) below received any indication of the whereabouts or existence of the member; (iii) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (iv) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION**A. INTRODUCTION**

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

B. INCORPORATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 October 1999 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

C. SHARE CAPITAL

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner of purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

D. DIVIDENDS AND DISTRIBUTIONS

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see C above for further details).

E. SHAREHOLDERS' SUITS

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

F. PROTECTION OF MINORITIES

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

G. DISPOSAL OF ASSETS

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

H. ACCOUNTING AND AUDITING REQUIREMENTS

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

I. REGISTER OF MEMBERS

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

J. INSPECTION OF BOOKS AND RECORDS

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

K. SPECIAL RESOLUTIONS

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

L. SUBSIDIARY OWNING SHARES IN PARENT

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

M. RECONSTRUCTIONS

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75 per cent. in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court of the Cayman Islands is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of U.S.A. corporations.

N. TAKE-OVERS

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

O. INDEMNIFICATION

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

P. LIQUIDATION

A company is placed in liquidation either by an order of the court or by a special resolution (or, in certain circumstances, an ordinary resolution) of its members. A liquidator is appointed whose duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

Q. STAMP DUTY ON TRANSFERS

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

R. TAXATION

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (2) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking is for a period of twenty years from 19 October 1999.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

S. EXCHANGE CONTROL

There are no exchange control regulations or currency restrictions in the Cayman Islands.

T. GENERAL

Maples and Calder Asia, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix X. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

The principal terms of the convertible bonds of US\$1,000 each in the aggregate principal amount of US\$150 million which are issued by the Issuer (as defined below) pursuant to the conditional subscription agreement dated 6 November 2003 entered into between the Company, the Issuer, the Joint Bookrunners (as defined below) and the Co-Lead Manager (as defined below) in connection with the issue of the Convertible Bonds and the basis on which the Convertible Bonds have been issued are summarised as follows:

Issuer:	TOM Holdings, a wholly-owned subsidiary of the Company
The Guarantor:	the Company
Joint Bookrunners:	Citigroup Global Markets Limited and Deutsche Bank AG London
Co-Lead Manager:	Cazenove Asia Limited
Principal amount of the Convertible Bonds:	The aggregate principal amount of the Convertible Bonds is US\$150 million (approximately HK\$1,170 million).
Form and Denomination:	The Convertible Bonds are issued in registered form in the denomination of US\$1,000 each without coupons attached. A bond certificate will be issued to each holder of the Convertible Bonds (the "Bondholder(s)") in respect of its registered holding of the Convertible Bonds. Upon issue, the Convertible Bonds will be represented by a Global Certificate deposited with a common depositary for, and representing Convertible Bonds registered in the name of a nominee of Euroclear Bank S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme, Luxembourg.
Closing Date:	28 November 2003
Maturity Date:	28 November 2008
Issue Price:	100% of the principal amount of the Convertible Bonds
Interest:	The Convertible Bonds will bear interest from (and including) the Closing Date at the rate of 0.50% per annum on the principal amount of each Convertible Bond, payable semi-annually in arrear up to but excluding the Maturity Date.
Conversion Rights:	The Bondholders will have the right at any time on and after 8 January 2004 up to the close of business on 14 November 2008 to convert the Convertible Bonds into Shares. The number of shares in the capital of the Company to be issued on conversion will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price (as defined below) in effect on the date of conversion translated into US dollars at the fixed exchange rate of US\$1.00 = HK\$7.80.

Conversion Period:	From and including 8 January 2004 up to the close of business on 14 November 2008.
Conversion Price:	The initial conversion price (“Conversion Price”) at which a Share will be issued on conversion will be HK\$3.315. The Conversion Price will be subject to adjustment as provided in the terms and conditions of the Convertible Bonds (“Terms and Conditions”), for example following any alteration to the par value of the Shares as a result of consolidation, sub-division or reclassification, the payment of a scrip dividend or the issue of Shares to all shareholders at a discount to the current market price. A summary of events upon which the Conversion Price will be adjusted are set out at the end of this Appendix.
Conversion Shares:	New Shares will be issuable upon conversion of the Convertible Bonds and will rank pari passu in all respects with the then existing Shares.
Redemption on Maturity:	Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the Terms and Conditions, the Convertible Bonds will be redeemed at 103.86% of their principal amount, plus accrued interest, on the Maturity Date.
Redemption at the option of the Issuer:	The Issuer may, on or at any time after 13 December 2006 and prior to the Maturity Date, redeem all (in the circumstances described in (ii) below), or from time to time, redeem some only, in an aggregate principal amount of US\$1,000,000 or any integral multiple thereof, of the Convertible Bonds at their Early Redemption Amount (as mentioned below) together with interest accrued to but excluding the date of redemption, if (i) the Closing Price (as defined in the Terms and Conditions) (translated into US dollars at prevailing rates) for each of 20 out of 30 consecutive Trading Days, the last of which occurs not more than 20 days prior to the date upon which notice of such redemption is published, shall be at least 125% of the principal amount of one Convertible Bond divided by the then prevailing Conversion Ratio (as defined in the Terms and Conditions) as determined by the conversion agent or (ii) at least 85% in principal amount of the Convertible Bonds has already been redeemed, converted or purchased and cancelled.
Redemption at the option of the Bondholders:	The Convertible Bonds may be redeemed, at the option of the Bondholders, (i) at the relevant redemption date in the event of occurrence of a Change of Control (as defined in the Terms and Conditions) of the Company; and (ii) on the third anniversary of the Closing Date, in each case at their Early Redemption Amount plus accrued interest.

Redemption for tax reasons:	All, but not some only, of the Convertible Bonds may be redeemed at their Early Redemption Amount at the date fixed for redemption, together with interest accrued to the date of redemption, at the option of the Issuer, at any time, on giving not less than 30 nor more than 60 days' notice in accordance with the Terms and Conditions if the Issuer satisfies the trustee of the trust deed constituting the Convertible Bonds (the "Trust Deed") immediately prior to the giving of such notice that (i) the Issuer (or as the case may be, the Company, as the Company) has or will become obliged to pay any additional amounts in respect of any payment of principal, premium (if any) and/or interest made by the Issuer (or as the case may be, the Company, as the Company) under or in respect of the Trust Deed or the Convertible Bonds as provided or referred to in the Terms and Conditions as a result of any change in or amendment to the laws of the Cayman Islands or Hong Kong or any political sub-division or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 6 November 2003 and (ii) such obligations can not be avoided by the Issuer (or as the case may be, the Company) taking reasonable measures available to it.
Redemption for Change of Control:	Each Bondholder will, upon the occurrence of a Relevant Event (as defined in the Trust Deed), have the right to require the Issuer to redeem all or some only of such Bondholder's Convertible Bonds at the Early Redemption Amount together with accrued interest, subject to the Terms and Conditions.
Early Redemption Amount:	The early redemption amount of a Convertible Bond is an amount equal to the principal amount of that Convertible Bond plus a premium calculated to give the Bondholder a fixed return of 1.25% per annum from the Closing Date to the redemption date of that Convertible Bond.
Status:	The Convertible Bonds (and the Company's guarantee thereof) will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and the Company and shall at all times rank pari passu and without any reference or priority among themselves. The obligations of the Issuer and the Company in respect of the Convertible Bonds shall at all time rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.
Trustee:	DB Trustees (Hong Kong) Limited ("Trustee").
Trust Deed:	A trust deed dated 28 November 2003 entered into between the Issuer, the Company and the Trustee constituting the Convertible Bonds.

Guarantee:	The due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Convertible Bonds has been unconditionally and irrevocably guaranteed by the Company as set out in the Trust Deed.
Negative Pledge:	So long as any Convertible Bond remains outstanding, neither the Issuer nor the Company will (and will procure that no subsidiary will) create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any bonds, debentures, notes or other investment securities which are for the time being, or are capable of being quoted, listed ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside Hong Kong ("International Investment Securities") or to secure any guarantee of or indemnity in respect of any International Investment Securities unless, at the same time or prior thereto, the Issuer's obligations under the Convertible Bonds or, as the case may be, the Company's obligations under its guarantee of the Convertible Bonds (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
Listing:	The listing of the Convertible Bonds on the Luxembourg Stock Exchange has commenced on 28 November 2003. No application will be made for the listing of, and permission to deal in, the Convertible Bonds on any other stock exchange. The Stock Exchange has, on 26 November 2003, granted to the Company an approval to list, and a permission to deal in, the Shares to be issued upon conversion of the Convertible Bonds.

The Conversion Price will be subject to adjustment in certain events as provided in the Terms and Conditions of the Convertible Bonds, a summary of which is set out below:

- (i) any alteration to the par value of the Shares as a result of consolidation, sub-division or reclassification;
- (ii) the issue of Shares by the Company credited as fully paid to Shareholders (as defined in the Trust Deed) by way of capitalisation of profits or reserves (including any share premium account), including Shares paid up out of distributable profits or reserves and/or share premium account, other than shares paid up out of distributable profits, or reserves and/or share premium account issued in lieu of a cash dividend (a "Scrip Dividend"), being a dividend which the Shareholders concerned otherwise would have received and which would not constitute a Capital Distribution (as defined below);

- (iii) the payment or making of a Capital Distribution by the Company to the Shareholders (except where the Conversion Price falls to be adjusted under sub-paragraph (ii) above);
- (iv) the issue of Shares to all or substantially all Shareholders as a class by the Company by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the Current Market Price (as defined below) per Share on the last Trading Day preceding the date of the announcement of the terms of such issue or grant;
- (v) the issue of any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by the Company, by way of rights, or the grant to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares);
- (vi) the issue (otherwise than as mentioned in sub-paragraph (iv) above) by the Company wholly for cash of any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise as mentioned in sub-paragraph (iv) above) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue;
- (vii) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph (vii), the issue wholly for cash by the Company or any of its subsidiaries (otherwise than as mentioned in sub-paragraph (iv), (v) or (vi) above) or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity of any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities;
- (viii) any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in sub-paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification;
- (ix) the issue, sale or distribution by or on behalf of the Company or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Company or any Subsidiary or such other company, person or entity pursuant

to which offer the Shareholders generally (meaning for these purposes the holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under any of sub-paragraphs (iv), (v), (vi) and (vii) above); and

- (x) if the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in the Terms and Conditions even if the relevant event or circumstance is specifically excluded from the operation of the sub-paragraphs (i) to (ix) of this Appendix, the Company shall at its own expense consult an independent investment bank of international repute (acting as an expert), selected by the Company and approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed), determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination,

provided that where the circumstances giving rise to any adjustment pursuant to the Terms and Conditions of the Convertible Bonds have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of the Terms and Conditions as may be advised by the independent investment bank to be in their opinion appropriate to give the intended result.

For the purposes of this Appendix VI:

- (1) “Alternative Stock Exchange” means at any time, in the case of the Shares, if they are not at that time listed and traded on GEM, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.
- (2) “Capital Distribution” means
 - (a) any distribution of assets in specie charged or provided or to be provided for in the accounts of the Company for any financial period (whenever paid or made and however described) but excluding a distribution of assets in specie in lieu of, and to a value not exceeding, a cash dividend which would not constitute an Extraordinary Dividend mentioned under (b) below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid-up (other than Shares credited as fully paid) by way of capitalisation of reserves); and/or
 - (b) any cash dividend or distribution of any kind charged or provided or to be provided for in the accounts of the Company (whenever paid or made and howsoever described) in circumstances where the Total Current Dividend (as defined below) equals or exceeds, on a per Share basis, 4 per cent. of the closing price of the Shares as derived

from GEM's daily quotation sheet which is available at the GEM's website of www.hkgem.com (the "Daily Quotation Sheet") or the equivalent quotation sheets of an Alternative Stock Exchange on the last Trading Day prior to the date of the announcement of such dividend (for the avoidance of doubt, only the excess over 4 per cent. shall be treated as a "Capital Distribution"), such excess constituting the "Extraordinary Dividend"; for which purposes "Total Current Dividend" means any and all cash dividends or other distributions charged or provided for in the accounts of the Company, prior to the deduction of any withholding tax and any corporate tax attributable to that dividend, in the period starting from the beginning of the fiscal year in which the record date set for the dividend that may result in an adjustment falls and ending on and including that record date (including the dividend that may result in an adjustment), other than any dividend or portion thereof which previously resulted in an adjustment under the Terms and Conditions of the Convertible Bonds.

A purchase or redemption of share capital by the Company shall not constitute a Capital Distribution or be taken into account in determining whether any other dividend or distribution shall constitute a Capital Distribution unless in the case of purchase of Shares by the Company, the average price per Share (before expenses) on any one day in respect of such purchases exceeds by more than 5 per cent. of the Current Market Price per Share either (i) on that date; or (ii) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a Capital Distribution in the amount of the aggregate price paid (before expenses) in respect of such Shares purchased by the Company.

- (3) "Closing Price" for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.
- (4) "Current Market Price" means in respect of a Share at a particular date the average of the closing prices published in the Daily Quotation Sheet or the equivalent quotations sheet of an Alternative Stock Exchange for one Share (being a Share carrying full entitlement to dividend) for the five consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said five Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:
 - (a) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or
 - (b) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the amount of that dividend per Share;

and provided further that if the Shares on each of the said five Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

- (5) “Trading Day” means a day when GEM, or as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no closing price is reported in respect of the relevant Shares on GEM or, as the case may be the Alternative Stock Exchange, for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

On any adjustment, the relevant Conversion Price shall be rounded down to the nearest one hundredth of a Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with the Terms and Conditions as soon as practicable after the determination thereof.

The Conversion Price may not be reduced below the par value of the Shares.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an independent investment bank of international repute (acting as an expert), selected by the Company and approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed), the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by the independent investment bank to be in their opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Company or any Subsidiary of the Company pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the GEM Listing Rules or, if applicable, those of an Alternative Stock Exchange).

If any doubt shall arise as to the appropriate adjustment to the Conversion Price, a certificate or a report of an independent investment bank (acting as experts), shall in the absence of manifest error be conclusive and binding on all parties.

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in sub-paragraph (i) above.

1. For the purpose of this Appendix VI, save where the context otherwise requires, the following expressions shall have the respective meanings set opposite them:

“Board of Online”	the board of directors of TOM Online or a duly authorised committee thereof;
“Grantee”	any Online Scheme Participant who accepts an Offer in accordance with the terms of the Online Share Option Scheme, or (where the context so permits) any person who is entitled to any Online Option in consequence of the death of the original Grantee;
“Offer”	the offer of the grant of an Online Option made in accordance with paragraph 2(c);
“Offer Date”	the date on which an Offer is made to an Online Scheme Participant which must be a business day;
“Online Auditors”	the auditors for the time being of TOM Online;
“Online Business Associate”	any advisor or consultant to the Online Group provided, however, that such advisor or consultant (i) is a natural person, (ii) provides bona fide services to the Online Group and (iii) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly make a market for TOM Online’s securities;
“Online Employee”	any part-time or full-time employees or directors (including any executive director and independent non-executive director) of the Company and/or any company in the Online Group;
“Online Group”	TOM Online and its subsidiaries;
“Online Listing Date”	11 March 2004;
“Online Option”	a right granted to subscribe for Online Shares or to receive the Redemption Price in respect of Online Shares pursuant to the Online Share Option Scheme;
“Online Option Period”	a period to be notified by the Board of Online to each grantee of an Online Option (provided that the period within which an Online Option must be exercised shall not be more than ten years commencing on the Offer Date). The Board of Online may also impose restrictions on the exercise of an Online Option during the period an Online Option may be exercised;

“Online Redemption Price”	the amount (if any) by which (i) the net proceeds of sale (e.g. after payment of, without limitation, stamp duty, commissions, brokerage and Stock Exchange trading fee, Securities and Futures Commission transaction levy and investor compensation levy) of the Online Shares in respect of which an Online SAR Option is exercised, exceeds (ii) the Online Subscription Price applicable to such Online Shares;
“Online Shares”	shares of HK\$0.01 each in the capital of TOM Online (or of such other nominal amount as shall result from sub-division, consolidation, reclassification or reconstruction of the share capital of TOM Online from time to time);
“Online Scheme Participant(s)”	any Online Employee or Online Business Associate (other than any substantial shareholder of TOM Online and/or any of its associates (within the meaning of the GEM Listing Rules));
“Online Subscription Price”	the price per Online Share at which a Grantee may subscribe for Online Shares on the exercise of an Online Option, or by reference to which the Online Redemption Price will be calculated;
“Online Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of TOM Online, whether incorporated in Hong Kong or elsewhere and which, for the avoidance of doubt is also controlled by TOM Online directly, or indirectly through one or more intermediaries, where “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of that company, whether through the ownership of voting securities, by contract or otherwise; and
“Online SAR Option”	a right granted to receive the Online Redemption Price in respect of Online Shares pursuant to the Online Share Option Scheme.

2. SUMMARY OF TERMS OF THE ONLINE SHARE OPTION SCHEME

The following is a summary of the principal terms of the Online Share Option Scheme approved by a written resolution of sole shareholder of TOM Online passed on 12 February 2004:

(a) Who may join

The Board of Online may, at its discretion, invite any Online Scheme Participants to take up Online Options to subscribe for Online Shares at a price calculated in accordance with subparagraph (e) below headed “Price of Online Shares”.

(b) Purpose of the Online Share Option Scheme

The purpose of the Online Share Option Scheme is to provide the Online Group with a flexible means of attracting, retaining and motivating talented Online Scheme Participants to strive for future developments and expansion of the Online Group. It shall be an incentive to encourage the Online Scheme Participants and to allow the Online Scheme Participants to enjoy the results of TOM Online attained through their efforts and contributions.

(c) Offer and grant of Online Options

- (i) An offer of Online Options shall be made to a Online Scheme Participant by letter in such form as the Board of Online may from time to time determine requiring the Online Scheme Participant to undertake to hold the Online Option on the terms on which it is to be granted and to be bound by the provisions of the Online Share Option Scheme and shall remain open for acceptance by the Online Scheme Participant to whom an offer is made for a period of 28 days from the Offer Date, provided that no such offer shall be open for acceptance after the tenth anniversary of the adoption date of the Online Share Option Scheme (i.e. 12 February 2014) or after the Online Share Option Scheme has been terminated in accordance with the provisions hereof.
- (ii) An offer of Online Options shall be deemed to have been accepted when the duplicate letter comprising acceptance of the offer of Online Options duly signed by the grantee with the number of Online Shares in respect of which the offer of Online Options is accepted clearly stated therein, together with a remittance in favour of TOM Online of HK\$5.00 (receipt of which shall be deemed to be acknowledged by TOM Online upon receipt of the duplicate letter comprising acceptance of the offer letter duly signed by the grantee) by way of consideration for the grant thereof, is received by TOM Online. Such remittance shall not be refundable.
- (iii) Any offer of Online Options must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the requirements of Chapter 16 of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the deadline for TOM Online to publish the announcement of its results for any year, half-year or quarter-year period or any other

interim period (whether or not required under the GEM Listing Rules) and (ii) the date of the meeting of Board of Online for the approval of any such results, and ending on the date of the results announcement no Online Option should be granted until such information has been announced pursuant to the requirements of Chapter 16 of the GEM Listing Rules. Such period will cover any period of delay in the publication of the results announcement.

(d) Terms and conditions of Online Options

Subject to the GEM Listing Rules, Online Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by any member of the Online Group, the grantee or any group of Online Scheme Participants) as the Board of Online may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Online Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board of Online may determine as aforesaid, (including such terms and conditions in relation to their vesting, exercise or otherwise), there is no minimum period for which an Online Option must be held before it can be exercised and no performance target need to be achieved by the grantee before the Online Options can be exercised.

(e) Price of Online Shares

The subscription price for Online Shares under the Online Share Option Scheme will be determined by the Board of Online and notified to each grantee and will be no less than the highest of (i) the closing price of the Online Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day, (ii) the average closing price of the Online Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date and (iii) the nominal value of a Online Share.

(f) Maximum entitlement of each participant under the scheme and number of Online Shares

(1) (i) Subject to paragraph (f)(1)(ii):

- (a) The total number of Online Shares which may be issued upon exercise of all Online Options to be granted under the Online Share Option Scheme and any other share option schemes of TOM Online shall not in aggregate exceed 280,000,000 Online Shares, being 10% of the total number of Online Shares in issue as at the date of approval of the Online Share Option Scheme, unless Online obtains a fresh approval from its shareholders pursuant to sub-paragraph (f)(1)(i)(b) below. Online Options lapsed in accordance with the items of the Online Share Option Scheme will not be counted for the propose of calculating such 10% limit.

As TOM Online had on 12 February 2004 granted 280,000,000 options to subscribe for Online Shares under the Online Pre-IPO Share Option Plan, TOM Online had utilised the full 10% limit set out in sub-paragraph prior to the date of this prospectus. In accordance with sub-paragraph (f)(1)(i)(b) below, TOM Online has by written resolution of its sole shareholder dated 16 February 2004 and by ordinary resolution of the Shareholders dated 1 March 2004 refreshed such 10% limit such that TOM Online may grant options under the Online Share Option Scheme and any other share option schemes of TOM Online which may be adopted in the future in respect of a further 10% of its share capital (being 280,000,000 Online Shares). This refreshment does not permit any further grant of options to subscribe for Online Shares under the Online Pre-IPO Share Option Plan.

- (b) TOM Online may seek approval of its shareholders in general meeting for refreshing the 10% limit set out in sub-paragraph (f)(1)(i)(a) above such that the total number of Online Shares which may be issued upon exercise of all Online Options to be granted under the Online Share Option Scheme and any other share option schemes of TOM Online under the limit as refreshed shall not exceed 10% of the total number of Online Shares in issue as at the date of approval to refresh such limit. Online Options previously granted under the Online Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Online Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed.
 - (c) TOM Online may grant Online Options to specified Online Scheme Participant(s) beyond the 10% limit specified in subparagraph f(1)(i)(a) provided that the Online Options in excess of such limit are specifically approved by the shareholders of TOM Online in general meeting and granted only to Online Scheme Participants specifically identified by TOM Online before such approval is sought. In such case, TOM Online shall send a circular to its shareholders containing the information required under the GEM Listing Rules.
- (ii) Notwithstanding anything in sub-paragraph (f)(1)(i) and subject to sub-paragraph (f)(2), the maximum number of the Online Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Online Share Option Scheme and any other share option schemes of TOM Online shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of Online Shares in issue from time to time. No options may be granted under the Online Share Option Scheme and any other share option schemes of TOM Online if this will result in such limit being exceeded.

- (2) (i) Subject to sub-paragraphs (f)(2)(iii) and (iv), the total number of Online Shares issued and to be issued upon exercise of the Online Options granted to each Online Scheme Participant (including both exercised and outstanding Online Options) in any 12-month period shall not exceed 1% of the total number of Online Shares in issue.
- (ii) Notwithstanding sub-paragraph (f)(2)(i), any further grant of Online Options to an Online Scheme Participant in excess of the 1% limit shall be subject to shareholders' approval with such Online Scheme Participant and his Associates (as such term is defined in the GEM Listing Rules) abstaining from voting. The number of Online Shares subject to the Online Options to be granted and the terms of the Online Options to be granted to such Online Scheme Participants shall be fixed before the shareholders' approval and the date of the meeting of the board of directors for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. In such a case, TOM Online shall send a circular to its shareholders containing the information required under the GEM Listing Rules.
- (iii) In addition to sub-paragraphs (f)(2)(i) and (f)(2)(ii), any grant of Online Options to an Online Scheme Participant who is a director, chief executive, management shareholder or substantial shareholder (all having the meaning as ascribed under the GEM Listing Rules) of TOM Online or their respective Associates (as such term is defined in the GEM Listing Rules) must be approved by the independent non-executive directors of TOM Online (excluding independent non-executive director who is the Online Scheme Participant).
- (iv) Where the Board of Online proposes to grant any Online Option to an Online Scheme Participant who is a substantial shareholder or an independent non-executive director of TOM Online or any of their respective Associates (as such term is defined in the GEM Listing Rules) and such Online Option which if exercised in full, would result in such Online Scheme Participant becoming entitled to subscribe for such number of Online Shares, when aggregated with the total number of Online Shares already issued, and issuable, to him or her pursuant to all the Online Options granted and to be granted (including Online Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the proposed Offer Date of such grant (the "Relevant Date"):
- (a) representing in aggregate more than 0.1% of the relevant class of securities of TOM Online in issue at the Relevant Date; and
- (b) having an aggregate value, based on the closing price of the Online Shares as stated in the Stock Exchange's daily quotations sheet on the Relevant Date and if the Relevant Date is not a trading day, the trading day immediately preceding the Relevant Date; in excess of HK\$5,000,000,

such proposed grant of Online Options must be approved by the shareholders of TOM Online in general meeting with the Online Scheme Participant concerned and all other connected persons (as such term is defined in the GEM Listing Rules) of TOM Online to abstain from voting in favour of the resolution at the general meeting. Any vote taken at the general meeting to approve the grant of such Online Options must be taken on a poll. TOM Online shall send a circular to its shareholders setting out such information as required under the GEM Listing Rules.

The Online Scheme Participant concerned and all other connected persons (as such term is defined in the GEM Listing Rules) of TOM Online may vote against the resolution at the general meeting provided that such intention to do so has been stated in the circular. Any such party may change his mind as to whether to abstain or vote against the resolution, in which case TOM Online shall, if it becomes aware of the change before the date of the general meeting, immediately despatch a circular to the Online Shareholders or publish an announcement notifying the Online Shareholders of the change and, if known, the reason for such change. Where the circular is despatched or the announcement is published less than 14 days before the date originally scheduled for the general meeting, the meeting shall be adjourned before considering the relevant resolution to a date that is at least 14 days from the date of despatch of the circular or publication of the announcement by the chairman.

- (v) The maximum number of Online Shares referred to in sub-paragraphs (f)(1) and (f)(2) may be adjusted, in the event of a capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of TOM Online. Any such adjustments shall give the Online Scheme Participants the same proportion of equity capital as they were previously entitled to and no adjustments would be made to the extent that a share would be issued at less than its nominal value. In respect of any such adjustments, other than those made on a capitalisation issue, an independent financial advisor or the Online Auditors shall confirm to the directors of TOM Online in writing that the adjustments satisfy the requirement.

(g) Time of exercise of Online Option

An Online Option may be exercised in accordance with the terms of the Online Share Option Scheme at any time during the Option Period.

(h) Rights are personal to grantee

An Online Option shall not be transferred or assigned and is personal to the grantee. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Online Option.

(i) Rights on ceasing employment

- (1) In the case where the grantee is an Online Employee and where the grantee ceases to be an Online Employee for any reason other than his or her death or the termination of his or her employment or directorship on one or more of the grounds specified in paragraph (q)(4), the grantee may exercise the Online Option up to his or her entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within the period of 12 months following the date of such cessation which date shall be the last actual working day with the Online Group whether salary is paid in lieu of notice or not, (provided that such exercise is during the relevant Option Period) failing which it will lapse.
- (2) In the case where the grantee is an Online Employee and where the grantee ceases to be an employee or director of the Online Group by reason of the termination of his or her employment or directorships on the grounds that he or she has become insolvent or has made any arrangements or compositions with his or her creditors generally or by reason of actual financial difficulties, the grantee shall only be entitled to exercise the Online Options up to the entitlement of such grantee as at the date on which such grantee ceased to be an employee or director of the Online Group (to the extent not already exercised) within the period of 12 months following the date of such cessation (provided that such exercise is during the relevant Online Option Period), failing which it will lapse.

(j) Rights on death

In the case where the grantee is an Online Employee or an Online Business Associate (in each case, being an individual) dies before exercising the Online Option in full and none of the events specified in paragraph (q)(4) arises, the personal representative(s) of the grantee shall be entitled to exercise the Online Option within the period of 12 months following the date of death (provided that such exercise is during the relevant Online Option Period), up to the entitlement of such grantee as at the date of death (to the extent not already exercised), failing which it will lapse.

(k) Rights on ceasing to be an Online Business Associate

In the case (1) where the grantee is an Online Business Associate who is an advisor or consultant to the Online Group or any other person under the definition of Online Business Associate, in each case, under a fixed term contract, if the grantee ceases to be an Online Business Associate by reason of termination or expiry of the term of the relevant fixed term contract without any extension or renewal by the Online Group for reasons other than (i) on one or more of the grounds specified in paragraph (q)(4), or (ii) on his or her death if the Online Business Associate is a natural person, or (2) where the grantee is an Online Business Associate who is an advisor or consultant to the Online Group or its Associated Companies or any other person under the definition of Online Business Associate, in each case, not under any fixed term contract, if the grantee ceases to be an Online Business Associate by reason of the grantee ceasing to provide any further advisory or consultancy or other kind of services, support, assistance or contribution to the

Online Group as may be determined by the Board of Online and notified to such Online Business Associate in writing within one year after the provision of its last services, support, assistance or contribution to the Online Group for reasons other than (i) on one or more of the grounds specified in paragraph (q)(4), or (ii) on his or her death if the Online Business Associate is a natural person, the grantee may exercise the Online Option up to his or her entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within the period of 9 months (or such longer period as the Board of Online may determine) following the date of such cessation, which date shall, in the case of (1) above, be the date of expiry of the relevant fixed term contract; and in the case of (2) above, be the date of the aforesaid written notification to the Online Business Associate, failing which it will lapse.

(l) Rights on take-over

If a general offer by way of take-over is made to all the holders of Online Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) with the terms of the offer having been approved or accepted by the holders of not less than nine-tenths in value of the Online Shares comprised in the offer within four months from the date of the offer and the offeror thereafter gives a notice to acquire the remaining Online Shares, the grantee (or his or her personal representative(s)) may by notice in writing to TOM Online within 21 days of such notice exercise the Online Option (to the extent not already exercised) to its full extent or to the extent specified in such notice even though the Online Option Period has not come into effect during the occurrence of the general offer.

(m) Rights on a compromise or arrangement

If a compromise or arrangement between TOM Online and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of TOM Online, takeover offer made to all the holders of Online Shares (or such holders other than the offeror, any person controlled by the offerors and any person acting in association or in concert with the offeror) (to the extent the same does not fall under paragraph (1) above), or its amalgamation with any other company or companies, TOM Online shall give notice to the grantee on the same date as it dispatches the notice to each member or creditor of TOM Online summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the court, provided that the relevant Online Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Online Options whether in full or in part, but the exercise of an Online Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Online Options shall lapse except insofar as previously exercised under the Online Share Option Scheme. TOM Online may require the grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Online Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Online Shares been subject to such compromise or arrangement.

(n) Rights on winding up

In the event a notice is given by TOM Online to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up TOM Online, TOM Online shall forthwith give notice thereof to the grantee and the grantee (or his or her legal personal representatives) may by notice in writing to TOM Online (such notice to be received by TOM Online not later than four business days prior to the proposed shareholders' meeting) exercise the Online Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and Online shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Online Shares to the grantee which falls to be issued on such exercise.

(o) Rights on listing of subsidiary

In the event that the grantee:

- (1) being an Online Employee, is an employee or a director of an Online Subsidiary; or
- (2) being an Online Business Associate who is an advisor, consultant, or goods or service provider or a customer, provides advisory, consultancy or other kind of goods or services, to an Online Subsidiary or is a customer of an Online Subsidiary; or
- (3) being an Online Business Associate who has supported, assisted or contributed to the Online Group, the contribution is to an Online Subsidiary;

and the shares in such Online Subsidiary (or in any other subsidiary which is a holding company of such subsidiary) shall be listed on, or become publicly traded on any recognised stock exchange, TOM Online may, if the Board of Online considers it appropriate, give notices to the grantee requiring the grantee to exercise the Online Option (to the extent not already exercised) to its full extent specified in such notice and on such other terms as to exercise period, etc. as the Board of Online shall decide. Any Online Option that is not exercised within the period as set out in the notice will lapse.

(p) Effects of alterations to capital

In the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of share capital or otherwise howsoever of TOM Online in accordance with legal requirements and requirements of the Stock Exchange, whilst any Online Option remains exercisable, such corresponding alterations (if any) will be made in the subject matter of the Online Option so far as unexercised or the subscription price, provided that no such adjustment shall be made so that an Online Share would be issued at less than its nominal value or which would give a grantee a different proportion of the issued share capital of TOM Online as that to which he or she was previously entitled and no such adjustment shall be made if such is the result of an issue of Online Shares as consideration in a transaction. Any such adjustments shall give the Online Scheme Participants the same proportion of equity capital as they previously entitled. In respect of any

such adjustments, an independent financial advisor or the Online Auditors shall confirm to the directors of TOM Online in writing that the adjustments satisfy the requirement.

(q) Lapse of Online Option

An Online Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Online Option Period;
- (ii) the expiry of the periods referred to in sub-paragraph (i), (j), (k), (l), (n) or (o) respectively;
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (m);
- (iv) the date on which:
 - (a) the grantee being an Online Employee, ceases to be an employee or director of the Online Group by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct or has been convicted of any criminal offence involving his or her integrity or honesty; or
 - (b) the grantee being an Online Business Associate who is an advisor, consultant, goods or service provider or customer of the Online Group or who provides support, assistance or contribution to the Online Group, and the Online Business Associate is under any contract with the Online Group, such contract is terminated by reason of breach of contract on the part of the Online Business Associate; or
 - (c) the grantee being a the Online Business Associate, appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or ceases or threaten to cease to carry on its business, or is wound up, or has an administrator or liquidator being appointed for the whole or any part of its undertaking or assets; or has been convicted of any criminal offence involving integrity or honesty,

provided that whether any one or more of the events specified in the above occur in relation to a grantee shall, in the reasonable opinion of the Board of Online, be solely and conclusively determined by the Board of Online;

- (v) the close of four business days prior to the shareholders meeting of TOM Online held for the purpose of extending the voluntary winding-up of TOM Online or the date of the commencement of its winding-up; or

- (vi) the grantee assigns or transfers any interest in favour of any third party over or in relation to any Online Option in breach of the Online Share Option Scheme; or
- (vii) the Online Option is cancelled by the Board of Online as provided in sub-paragraph (u).

An Online Option granted but not yet vested with the grantee shall also lapse automatically in the event that the grantee being an Online Employee or Online Business Associate ceases to be an Online Employee or Online Business Associate, as the case may be, for whatever reason.

(r) Ranking of Online Shares

The Online Shares to be allotted upon the exercise of an Online Option will be subject to the articles of association of TOM Online for the time being in force and will rank *pari passu* with the fully paid Online Shares in issue on the date of exercise of the Online Option and in particular will rank in full for all dividends or other distributions declared paid or made on or after the date of exercise of the Online Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Online Option provided always that when the date of exercise of the Online Option falls on a date upon which the register of members of TOM Online is closed then the exercise of the Online Option shall become effective on the first business day in Hong Kong on which the register of members of TOM Online is re-opened.

(s) Cancellation of Online Options granted

The Board of Online may at any time cancel Online Options previously granted to, but not yet exercised by, a grantee who accepts an offer of the grant of any Online Option or (where the context so permits) any person who is entitled to any Online Option in consequence of the death of the original grantee. Where TOM Online cancels Online Options and offers Online Options to the same grantee, the offer of such new Online Options may only be made with available Online Options to the extent not yet granted (excluding the cancelled Online Options) within the limit approved by the shareholders of TOM Online as mentioned in paragraph (f)(1) above.

(t) Period of Online Share Option Scheme

The Online Share Option Scheme will remain valid for a period of 10 years commencing on 12 February 2004 (save that TOM Online, by ordinary resolution in general meeting or Board of Online may at any time terminate the operation of the Online Share Option Scheme). After termination, no further Online Options will be granted but the provision of the Online Share Option Scheme shall in all other respects remain in full force and effect and Online Options which are granted during the life of the Online Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(u) Alteration to Online Share Option Scheme

- (a) The Online Share Option Scheme may be altered in any respect by resolution of the Board of Online except that the provisions of the scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules shall not be altered to extend the class of persons eligible for the grant of Online Options or to the advantage of grantees or prospective grantees except with the prior approval of shareholders of TOM Online in general meeting (with Online Scheme Participants and their associates (as such term is defined in the GEM Listing Rules) abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Online Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of shareholders of TOM Online under its articles of association for the time being for a variation of the rights attached to the Online Shares.
- (b) Any alteration to the terms and conditions of the Online Share Option Scheme, which is of a material nature, must be approved by the shareholders of TOM Online, except where the alterations take effect automatically under the existing terms of the Online Share Option Scheme. Subject to sub-paragraph (s) above, the terms of such Online Option following any such change to the terms of any Online Option shall be no less favourable to the relevant Online Scheme Participant than the terms of such Online Option prior to such changes except any alteration of the Online Share Option Scheme operated to affect the terms of issue of any Online Option under sub-paragraph (u)(a) above.
- (c) Any change to the authority of the Board of Online or administrators of the Online Share Option Scheme in relation to any alteration to the terms of the Online Share Option Scheme must be approved by shareholders of TOM Online in general meeting.

TOM Online, by ordinary resolution in general meeting or the Board of Online may at any time terminate the operation of the Online Share Option Scheme and in such event no further Online Options will be offered but in all other respects the provisions of the Online Share Option Scheme shall remain in full force and effect.

(v) Conditions of the Online Share Option Scheme

The Online Share Option Scheme is conditional on the following conditions which have already been fulfilled: (i) the passing of an ordinary resolution approving the adoption of the Online Share Option Scheme by the sole shareholder of TOM Online and authorising the directors of TOM Online to grant Online Options, to subscribe for Online Shares thereunder and to allot and issue the Online Shares pursuant to the exercise of any Online Options granted under the Online Share Option Scheme; (ii) the approval of the Online Share Option Scheme by the shareholders of TOM in general meeting; (iii) the GEM Listing Committee granting approval for the listing of and permission to deal in any Online Shares which may be issued pursuant to the exercise of Online Options granted under the Online Share Option Scheme, (iv) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of

the waiver of any such condition(s)) and not being terminated in accordance with the terms of that agreement or otherwise and (v) the commencement of dealings in the Online Shares on GEM.

(w) If exercise of an Online Option is unlawful

If at the time a grantee wishes to exercise an Online Option, the exercise of the Online Option in respect of Online Shares or the consequences of such exercise is not permitted by applicable laws, the Online Option shall not entitle the grantee to subscribe for Online Shares, but shall entitle the grantee to receive the amount by which the net proceeds of sale of the Online Shares the subject of the Online Option shall exceed the subscription price for such Online Shares, the Online Shares shall be sold in the market by us, and the subscription price for such Online Shares shall be credited to the share capital and capital reserves of TOM Online.

(x) Administration

The Online Share Option Scheme is administered by the Board of Online or a committee of the Board of Online and the decision of the Board of Online or such committee shall be final and binding on all parties. The Board of Online (or such committee) shall have the right (i) to interpret and construe the provisions of the Online Share Option Scheme, (ii) to determine the persons who will be awarded Online Options under the Online Share Option Scheme, and the number and subscription price of Online Options awarded thereto, (iii) to make such appropriate and equitable adjustments to the terms of Online Options granted under the Online Share Option Scheme as it deems necessary provided always that, subject to paragraph (s) above, the terms of such Online Options following any such adjustment shall be no less favourable to the relevant Participant than the terms of such Online Option prior to such adjustment, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Scheme.

As at the Latest Practicable Date, no Online Option has been granted or agreed to be granted by TOM Online under the Online Share Option Scheme.

3. SUMMARY OF TERMS OF THE ONLINE PRE-IPO SHARE OPTION PLAN

The purpose of the Online Pre-IPO Share Option Plan is to recognise the contribution of certain employees of the Online Group to the growth of the Online Group and/or to the listing of Online Shares on GEM. The principal terms of the Online Pre-IPO Share Option Plan conditionally approved by a written resolution of sole shareholder passed on 12 February 2004 (which is still subject to certain conditions as referred to in paragraph (v) in the paragraph headed “Summary of Terms of the Online Share Option Scheme” of this section above) are substantially the same as the terms of the Online Share Option Scheme (other than its purpose which is mentioned above) and except that:

- (a) the subscription price for Online Shares is HK\$1.5;
- (b) the total number of Online Shares subject to the Online Pre-IPO Share Option Plan is 280,000,000; and
- (c) save for the options which have been granted (see below) no further options will be offered

or granted under the Online Pre-IPO Share Option Plan, as the right to do so will end on the day immediately prior to the Online Listing Date.

Approval for the listing of and permission to deal in the Online Shares which may be issued pursuant to exercise of the options granted under the Online Pre-IPO Share Option Plan has been granted by the GEM Listing Committee.

4. OUTSTANDING ONLINE OPTIONS UNDER THE ONLINE PRE-IPO SHARE OPTION PLAN

As at the Latest Practicable Date, options to subscribe for an aggregate of 278,333,998 Online Shares at an exercise price of HK\$1.5 have been granted by TOM Online under the Online Pre-IPO Share Option Plan to certain of the directors of TOM Online, senior management and general staff were outstanding, details of which are as follows:

Date of grant	No. of Share option	No. of Employees	Subscription price per Online Shares HK\$	Option period*
				(Commencing from date of grant and terminating ten years the rights)
16/2/2004	278,333,998	457	1.50	16/2/2004 – 15/2/2014

* Those options that have been vested may be exercised within the option period, unless they have been cancelled. Generally, the options are vested in different tranches subject to conditions set out in the offer letters.

Save as disclosed above, no other options have been granted or agreed to be granted by TOM Online under the Online Pre-IPO Share Option Plan or the Online Share Option Scheme. No further options will be granted under the Online Pre-IPO Share Option Plan after the Online Listing Date, but the provisions of the Online Pre-IPO Share Option Plan shall remain in all other respects in full force and effect in respect of any options granted during the life of the Online Pre-IPO Share Option Plan which may continue to be exercisable in accordance with their terms of issue.

As at the Latest Practicable Date, the TOM Online shares held in the public hands represent approximately 24.9% of the issued share capital of TOM Online, taking no account of any shares in TOM Online which may be allotted and issued pursuant to the exercise of the options granted under the Online Pre-IPO Share Option Plan or the Online Share Option Scheme. Assuming that all of the outstanding options granted under the Online Pre-IPO Share Option Plan are exercised in full on the Latest Practicable Date, shareholding interest of the public would be reduced from approximately 24.9% to approximately 24.5% of the issued share capital of TOM Online, assuming that the issued share capital of the TOM Online remains unchanged as at the Latest Practicable Date other than pursuant to the exercise of outstanding options granted under the Online Pre-IPO Share Option Plan.

In the event that the outstanding options under the Online Pre-IPO Share Option Plan are exercised in full or in part, the earnings per share of TOM Online and the shareholding interests of the then existing shareholders of TOM Online will be diluted.

SUMMARY OF OUTSTANDING SHARES TO BE ISSUED BY THE TOM GROUP

The TOM Group had entered into certain framework agreements and/or sale and purchase agreements (“Agreements”) in relation to its acquisition or investment transactions (“Transactions”) pursuant to which, as the case may be, (A) shares may be required to be issued by the Company or other members within the TOM Group (i) to satisfy all or part of the consideration for the respective Transactions (“Consideration Shares”) or any adjustment thereof; or (ii) to satisfy any amount payable to reward the other party or parties to the relevant Agreements according to the agreed profit threshold of the relevant investment acquired under the Transactions (“Incentive Shares”); or (B) shares of a new company to be established by the Company and to be listed on the Stock Exchange (“IPO Shares”) may be required to be issued:

- (i) The following are Transactions which involve issuance of Consideration Shares, such obligations to issue Shares or shares of other members of the TOM Group have not been fully completed or discharged as at the Latest Practicable Date:

(a) Acquisition of Chunyu JV

Acquisition of the advertising business of Chunyu through acquiring an aggregate of 70% economic benefits in Chunyu JV pursuant to a framework agreement dated 28 January 2002 entered into between TOM OMG, Mr. Ou-Yang Gang and Chunyu (as amended by two supplemental agreements dated 27 September 2002 and 20 December 2002 respectively) (“Amended Chunyu Agreement”), as disclosed in the circular dated 10 January 2003 and the announcements issued by the Company on 28 January 2002, 27 September 2002, 20 December 2002 and 31 December 2002 respectively.

Pursuant to the Amended Chunyu Agreement, the Company may be required to allot and issue up to a maximum number of 8,593,295 Consideration Shares (subject to adjustments as described in the circular dated 10 January 2003) (credited as fully paid) at HK\$5.51 per Share to Mr. Ou-Yang Gang and/or his nominee(s) to satisfy the balance of the consideration for the aforesaid acquisition.

(b) Acquisition of Puccini

Acquisition of the entire issued share capital of Puccini pursuant to a sale and purchase agreement dated 25 September 2003 entered into between Bright Horizon, a wholly-owned subsidiary of TOM Online, Cranwood, TOM Online and the Company (as amended by a supplemental agreement 29 October 2003) (“Amended Puccini Agreement”), as disclosed in the circular dated 3 November 2003 and the announcements issued by the Company on 25 September 2003, 15 October 2003, 29 October 2003, 3 November 2003 and 19 November 2003 respectively.

Pursuant to the Amended Puccini Agreement, an amount equal to 50% of the Earn-out Amount (as defined below) less US\$18,500,001 will be payable to Cranwood by way of issuance and allotment of shares of TOM Online (credited as fully paid) at an issue price

equal to the average closing price of the shares of TOM Online as quoted on the Stock Exchange for the 30 consecutive trading days immediately preceding the 2004 Report Date (as defined in the circular dated 3 November 2003) to satisfy the balance of the consideration for the aforesaid acquisition.

“Earn-out Amount” will be (i) an amount equal to 7.7 times Puccini’s 2004 Net Profit (as defined in the circular dated 3 November 2003); or (ii) in the event that the 2004 Net Profit is less than an amount equal to 1.2 times Puccini’s 2003 Net Profit (as defined in the circular dated 3 November 2003), an amount equal to 6 times Puccini’s 2004 Net Profit (on the basis that the minimum amount of the 2003 Net Profit is RMB40,000,000).

(c) Acquisition of Shanghai Maya Online

Acquisition of a 50% equity interest of Shanghai Maya Online. The Directors intend to issue equity shares to settle balance of the consideration payable, subject to further negotiation in respect of share price and time schedule.

- (ii) The following are Transactions which involve issuance of Incentive Shares, such obligations to issue Shares or shares of other members of the TOM Group have not been fully completed or discharged as at the Latest Practicable Date:

(a) Acquisition of Hong Xiang

Acquisition of the business of Hong Xiang Productions through acquiring 49% equity interest and 1% economic benefit in Hong Xiang pursuant to a framework agreement dated 5 March 2002 entered into between TOM Solutions Limited and Mr. Zhang Bao Cheng (as amended by four supplemental agreements dated 27 December 2002, 30 June 2003, 31 December 2003, 31 March 2004 and 8 April 2004 respectively) (“Amended Hong Xiang Agreement”), as disclosed in the circular dated 26 March 2002 and 29 April 2004 and the announcements issued by the Company on 5 March 2002, 27 December 2002, 30 June 2003, 31 December 2003, 31 March 2004 and 8 April 2004 respectively.

Pursuant to the Amended Hong Xiang Agreement, if the amount of the audited after-tax profits made by Hong Xiang for the year ended 31 December 2002 is equal to or more than RMB30,000,000, Mr. Zhang Bao Cheng will be entitled to the amount of RMB15,000,000 payable by way of issuance and allotment of 2,568,229 Incentive Shares (credited as fully paid) at HK\$5.51 per Share.

(b) Acquisition of Qilu JV

Acquisition of the outdoor advertising business of Qilu and Jinan Qilu through acquiring an aggregate of 60% economic benefits in Qilu JV pursuant to a framework agreement dated 1 February 2002 entered into between TOM OMG, Mr. Meng Xian Wei, Qilu and Jinan Qilu (as amended by two supplemental agreements dated 27 September 2002 and 20 December 2002 respectively) (“Amended Qilu Agreement”), as disclosed in the circular dated 21 February 2002 and the announcements issued by the Company on 1 February, 2002, 27 September 2002, 20 December 2002, 31 December 2002 and 28 January 2003 respectively.

As disclosed in the announcement dated 28 January 2003, Qilu JV has invested RMB2,500,000 (which is fully funded by Qilu JV) to construct taxi-stop shelters in the PRC (“Taxi Shelters Investment”) and TOM OMG and/or its nominee is not required to fund the Taxi Shelters Investments. Pursuant to the Amended Qilu Agreement, if TOM OMG and/or its nominee is not required to fund the Taxi Shelters Investments the Company will issue Incentive Shares to Mr. Meng Xian Wei and/or his nominee(s) at an aggregate issue price of RMB7,500,000 when the audited after-tax profit of the Taxi Shelters Investment is equal to or exceeds RMB700,000 for the first time in any financial year ending 31 December.

(c) Acquisition of Tianming JV

Acquisition of the advertising business of Tianming through acquiring an aggregate of 50% economic benefits in Tianming pursuant to a framework agreement dated 13 March 2002 entered into between TOM OMG, Mr. Jiang Ming and Tianming (as amended by three supplemental agreements dated 29 November 2002, 20 December 2002 and 26 July 2003 respectively) (“Amended Tianming Agreement”), as disclosed in the circular dated 3 April 2002 and the announcements issued by the Company on 13 March 2002, 29 November 2002, 20 December 2002, 31 December 2002 and 15 September 2003 respectively.

Pursuant to the Amended Tianming Agreement, if Tianming JV achieves the Warranted Profit and/or Aggregate Warranted Profit (as defined in the circular dated 3 April 2002), the management team of Tianming JV will be entitled to a bonus of a maximum of RMB5,000,000 worth of the Incentive Shares, which will be issued and allotted at an issued price equal to the average closing price of the Shares as traded on the Stock Exchange for the last 10 consecutive trading days immediately before the date of issue of the audited accounts of Tianming JV for the financial year(s) for which the Incentive Shares are to be determined and issued.

- (iii) The following is the Transaction which involve issuance of IPO Shares, such obligation to issue IPO Shares has not been fully discharged as at the Latest Practicable Date:

Acquisition of Sharp Point

Acquisition of the entire issued share capital of Sharp Point pursuant to a stock purchase agreement dated 21 November 2001 entered into between Right Charm International Limited, a wholly-owned subsidiary of the Company, Mr. Michael Huang and the holders of the then issued shares of Sharp Point (as amended by three supplemental agreements dated 27 December 2001, 8 February 2002 and 21 August 2003 respectively) (“Amended SP Agreement”), as disclosed in the circular dated 12 December 2001 and the announcements issued by the Company on 21 November 2001, 27 December 2001, 6 February 2002 and 24 May 2002 respectively.

Pursuant to the Amended SP Agreement, an aggregate of NT\$95,000,000, being 25% of the consideration for the aforesaid acquisition, shall be payable by way of issuance and allotment of the IPO Shares in such number equal to HK\$ equivalent of NT\$95,000,000 divided by the initial public offering price per IPO Share.

I. FURTHER INFORMATION ABOUT THE COMPANY**(a) Incorporation**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 5 October 1999. The Company has established a principal place of business in Hong Kong at 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong and was registered on 12 January 2000 as an overseas company in Hong Kong under Part XI of the Companies Ordinance, with Ms. Mak Soek Fun, Angela of Flat 4B, Ka Yee Court, 23-27 Mosque Street, Hong Kong appointed as the authorised representative of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. As the Company was incorporated in the Cayman Islands, its operation is subject to the Companies Law and to its constitution which comprises a memorandum and articles of association. A summary of certain relevant parts of the Company's constitution and certain relevant aspects of the Companies Law are set out in the section headed "Summary of the constitution of the Company and Cayman Islands company law" in Appendix V to this document.

(b) Changes in share capital of the Company

The following changes in the issued share capital of the Company have taken place within the two years from the Latest Practicable Date:

- (i) On 20 September 2002, the Company allotted and issued 18,299,238 Shares to Spectrum International Holding Limited ("Spectrum International") (credited as fully paid) at HK\$5.51 per Share to satisfy the consideration for the acquisition of 60% of the issued share capital of Tennis Management pursuant to a share purchase agreement dated 15 August 2002;
- (ii) On 18 October 2002, the Company allotted and issued 235,935 Shares to 36 Solutions Limited ("36 Solutions") (credited as fully paid) at HK\$5.51 per Share to satisfy the acquisition of the web development and marketing production business from 36 Solutions pursuant to an agreement dated 6 September 2002;
- (iii) On 9 December 2002, the Company allotted and issued an aggregate of 2,497,000 Shares to Mr. Frederick Michael Demopoulos, Mr. Douglas Khoo Kok Hui and Mr. Lu Xiaohu (credited as fully paid) at HK\$5.50 per Share to satisfy the balance of the consideration for the acquisition of the entire issued share capital of Shawei Asia Pacific Limited ("Shawei") pursuant to an agreement dated 1 September 2000;
- (iv) On 30 January 2003, the Company allotted and issued an aggregate of 13,101,798 Shares, of which, (1) an aggregate of 5,816,168 Shares were issued to Mr. Li Pei An and Ms. Wang Bing Bing (credited as fully paid) at HK\$5.51 per Share to satisfy part of the consideration for the New Star Acquisition pursuant to an agreement dated 28 February 2002 (as amended) ("New Star Acquisition"); (2) 5,193,006 Shares were issued to Mr. Jiang Ming (credited as fully paid) at HK\$5.51 per Share to satisfy part of the consideration for the Tianming Acquisition pursuant to an agreement dated 13

March 2002 (as amended) (“Tianming Acquisition”); and (3) 2,092,624 Shares were issued to the nominee of Boguang (credited as fully paid) at HK\$5.51 per Share to satisfy part of the consideration for the Southwest Acquisition pursuant to an agreement dated 1 August 2002 (as amended) (“Southwest Acquisition”);

- (v) On 14 May 2003, the Company allotted and issued 4,332,312 Shares to the original shareholders of Business Weekly (credited as fully paid) at HK\$5.51 per Share to satisfy part of the consideration for the acquisition of Business Weekly pursuant to a stock purchase agreement dated 11 December 2001;
- (vi) On 30 May 2003, the Company allotted and issued 6,736,576 Shares to Mr. Meng Xian Wei (credited as fully paid) at HK\$5.51 per Share to satisfy part of the consideration for the acquisition of 60% economic benefits in Qilu JV pursuant to an agreement dated 1 February 2002 (as amended) (“Qilu Acquisition”);
- (vii) On 8 July 2003, the Company allotted and issued 450,000,000 Shares to Schumann at HK\$2.30 per Share pursuant to a subscription agreement dated 3 July 2003;
- (viii) On 24 July 2003, the Company allotted and issued an aggregate of 28,346,808 Shares, of which, (1) an aggregate of 20,632,106 Shares were issued to certain minority shareholders of Home Media Group Limited (“Home Media”) (credited as fully paid) at HK\$5.51 per Share to satisfy the consideration for the acquisition of up to an aggregate of 11.645% of the issued share capital of Cité Publishing Holding pursuant to a stock purchase agreement dated 14 February 2003; and (2) an aggregate of 7,714,702 Shares were issued to Beijing Redsail Yuxiang Public Telephone Company Limited (“Redsail Yuxiang”), and Beijing Sanjintaihe Technology Development Company Limited (credited as fully paid) at HK\$5.51 per Share to satisfy the acquisition of 60% economic benefits in Redsail pursuant to a framework agreement dated 30 June 2003;
- (ix) On 31 July 2003, the Company allotted and issued 1,319,998 Shares to Mr. Pan Sy Zuan (credited as fully paid) at HK\$5.51 per Share to satisfy the consideration for the acquisition of 19,469 shares of Cité Publishing Holding from Mr. Pan Sy Zuan pursuant to an agreement dated 21 July 2003;
- (x) On 15 September 2003, the Company allotted and issued 21,250,000 Shares to the nominees of TBSAP (credited as fully paid) at HK\$2.535 per Share to satisfy the consideration for the acquisition of approximately 64.07% of the issued share capital of CETV pursuant to a share purchase agreement dated 2 July 2003;
- (xi) On 16 September 2003, the Company allotted and issued 9,736,888 Shares to Mr. Jiang Ming (credited as fully paid) at HK\$5.51 per Share to satisfy the balance of the consideration for the Tianming Acquisition;
- (xii) On 14 November 2003, the Company allotted and issued an aggregate of 18,432,542 Shares, of which, (1) 2,887,104 Shares were issued to Mr. Meng Xian Wei (credited as fully paid) at HK\$5.51 per Share to satisfy the balance of the consideration for the

Qilu Acquisition; (2) 2,492,643 Shares were issued to Mr. Li Pei An and Ms. Wang Bing Bing (credited as fully paid) at HK\$5.51 per Share to satisfy the balance of the consideration for the New Star Acquisition; (3) 3,068,735 Shares were issued to Mr. Chen Mao Sheng (credited as fully paid) at HK\$5.51 per Share to satisfy the balance of the consideration for the acquisition of 60% economic benefits in Bomei JV pursuant to an agreement dated 26 June 2002 (as amended); (4) 3,612,976 Shares were issued to Mr. Wang Cheng Cheng (credited as fully paid) at HK\$5.51 per Share to satisfy the balance of the consideration for the acquisition of 60% economic benefits in Sano JV pursuant to an agreement dated 21 June 2002; and (5) 6,371,084 Shares were issued to Mr. Li Guo Ping (credited as fully paid) at HK\$5.51 per Share to satisfy the balance of the consideration for the acquisition of 70% economic benefits in Seeout JV pursuant to an agreement dated 26 June 2002;

- (xiii) On 28 November 2003, the Company allotted and issued 3,138,937 Shares to the nominee of Boguang (credited as fully paid) at HK\$5.51 per Share to satisfy the balance of the consideration for the acquisition of 70% economic benefits in Southwest JV; and
- (xiv) On 19 April 2004, the Company allotted and issued 11,151,548 Shares to Mr. Zhang Bao Cheng (credited as fully paid) at HK\$5.51 per Share to satisfy the balance of the consideration for the acquisition of 50% economic benefits in Hong Xiang.

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Shares and the issued share capital of the Company is HK\$388,941,336.50 divided into 3,889,413,365 Shares fully paid or credited as fully paid, with 1,110,586,635 Shares remaining unissued.

A summary of particulars in relation to outstanding shares agreed to be issued by the TOM Group are set out in the section headed “Summary of outstanding Shares to be issued by the TOM Group” in Appendix VIII to this document.

Other than pursuant to any options which have been granted under the Pre-IPO Share Option Plan and the Share Option Scheme or pursuant to any options which may be further granted under the Proposed Amended Share Option Scheme, or pursuant to any outstanding contracts as set out in the section headed “Summary of Outstanding Shares to be issued by the TOM Group” in Appendix VIII to this document, or pursuant to the exercise of power under the general mandate of the Directors to issue Shares if the same is approved by the Shareholders, or pursuant to the exercise of conversion rights under the Convertible Bonds, there is no present intention to issue any part of the authorised but unissued share capital of the Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed herein, there has been no alteration in the share capital of the Company within the two years preceding the date of this document.

(c) **Changes in the share capital/registered capital of subsidiaries of the Company**

The following changes in the share capital of the subsidiaries (as defined in the Listing Rules) of the Company have taken place within the two years preceding the date of this document:

Companies incorporated in the BVI

- (1) The authorised share capital of Cité Publishing Holding was subdivided from US\$50,000 divided into 5,000,000 shares of US\$0.01 each to US\$50,000 divided into 5,000,000 shares of US\$0.01 each. Cité Publishing Holding allotted and issued for cash at par 1 share of US\$0.01 each to TOM Print Media on 15 October 2002, 3,835,499 shares of US\$0.01 each to TOM Print Media Group Limited (“TOM Print Media”) on 31 May 2003, 1,125,125 shares of US\$0.01 each to 237 shareholders on 31 May 2003 and 38,938 shares at US\$0.01 each to Mr. Pan Sy Zuan on 25 July 2003.
- (2) TOM Publishing and Distribution Company Limited (“TOM Publishing”) allotted and issued for cash at par 1 share of US\$1.00 each to the Company on 22 October 2002.
- (3) Champion Will International Limited allotted and issued at par 1 share of US\$1.00 to Modern Perfect Developments Limited (“Modern Perfect”) on 5 February 2004.
- (4) Wide Dynamic International Limited allotted and issued for cash at par 1 share of US\$1.00 to Top Region Holdings Limited (“Top Region”) on 8 January 2004.
- (5) Top Region allotted and issued for cash at par 1 share of US\$1.00 to the Company on 8 January 2004.

Companies incorporated in the Cayman Islands

- (6)
 - (i) On 20 September 2003, TOM Online allotted and issued 3 shares of par value US\$1.00 each, credited as fully paid, to the Company as consideration for the acquisition of the entire issued share capital of each of Laurstinus, Lahiji and Advanced Internet;
 - (ii) on 22 September 2003, the denomination of share capital of TOM Online was converted from US dollars to HK dollars through:
 - (a) the authorised share capital was increased from US\$50,000 to the aggregate of US\$50,000 of US\$1.00 each and HK\$100,000,000 by the creation of 10,000,000,000 shares of HK\$0.01 each;

- (b) 4,000,000,000 shares of HK\$0.01 each were allotted and issued to the Company credited as fully paid by way of capitalising an existing shareholders' loan in an amount of US\$30,000,000 due by TOM Online or one of TOM Online's subsidiaries to the Company;
- (c) 4 shares of par value US\$1.00 each then in issue at par value were repurchased from the Company and such shares were automatically cancelled on repurchase as required by the Companies Law;
- (d) the remaining authorised but unissued shares of US\$1.00 each were then cancelled;
- (iii) on 16 January 2004, TOM Online reduced the issued share capital from HK\$40,000,000 to HK\$28,000,000 by repurchasing from the Company 1,300,000,000 shares for an aggregate consideration of HK\$76,050,000 and then allotting and issuing and 100,000,000 shares, credited as fully paid, to the Company at the same aggregate consideration;
- (iv) on 10 March 2004, TOM Online allotted and issued 105,420,950 shares to Cranwood of which (a) 96,200,000 shares were issued at HK\$1.50 each to satisfy the initial consideration for the acquisition of the entire issued share capital of Puccini; (b) 9,220,950 shares were issued pursuant to the preferential offer under the Global Offering of TOM Online; and
- (v) on 10 March 2004, TOM Online allotted and issued a total of 990,779,050 shares (except those subscribed by Cranwood as described above) at HK\$1.50 each through an initial public offering by way of Global Offering.
- (7) Home Media repurchased from PC Home 1,510,812 shares of par value US\$0.00001 each for a consideration of NT\$706,002 and Cité 11,459,521 Shares of par value of US\$0.00001 each for a consideration of NT\$5,355,034 then in issue at par value and such shares were automatically cancelled on repurchase as required by the Companies Law.

Companies incorporated in Malaysia

- (8) Upon its incorporation on 25 October 2002, Media Focus Limited ("Media Focus") allotted and issued for cash at par 1 share of US\$1.00 to the initial subscriber and such share was ultimately transferred to Home Media on 23 June 2003.
- (9) On 31 December 2003, Media Focus allotted and issued 1 share of US\$1.00 to Home Media in consideration of the transfer of 28,162,597 shares of Cité Publishing Limited to Media Focus.

Companies incorporated in Hong Kong

- (10) TOM Digital Media Center Limited (“TOM Digital”) allotted and issued for cash at par 2 shares of HK\$1.00 each to its subscribers and these shares were ultimately transferred to TOM TV and its nominee on 17 October 2003.
- (11) TOM Online (HK) Limited (formerly known as Chettle Developments Limited) allotted and issued for cash at par 2 shares of HK\$1.00 each to its subscribers and these shares were transferred to the Company and its nominee on 27 August 2002 and subsequently transferred from the Company and its nominee to TOM Online and TOM Online’s nominee on 4 May 2004.
- (12) High Triumph Advertising Limited allotted and issued for cash at par 2 shares of HK\$1.00 each to its subscribers and these shares were transferred to the Company and its nominee on 9 October 2002.
- (13) Pirton Developments Limited allotted and issued for cash at par 2 shares of HK\$1.00 each to its subscribers which then transferred these shares to the Company and its nominees on 27 August 2002.
- (14) Cup allotted and issued for cash at par 2 shares of HK\$1.00 each to its subscribers and these shares were ultimately transferred to TOM International and its nominee on 25 November 2002.
- (15) CETV increased the issued share capital from HK\$9,000 divided into 30,000 shares of HK\$0.30 each to HK\$90,000 divided into 300,000 shares of HK\$0.30 each on 15 September 2003.

Companies incorporated in the PRC

- (16) The registered capital of Shanghai Super Channel Network Limited (“Shanghai Super Channel”) was increased from US\$1,000,000 to US\$5,000,000 on 15 October 2002.
- (17) The registered capital of Shenzhen Freenet was increased from RMB16,460,000 to RMB23,000,000 on 13 August 2002.
- (18) Seeout JV was established on 30 August 2002 as a limited liability company in the PRC with registered capital of RMB5,000,000.
- (19) LTWJi was established on 31 July 2002 as a limited liability company in the PRC with registered capital of RMB500,000. The registered capital was increased from RMB500,000 to RMB1,000,000 in April 2003.
- (20) Chunyu JV was established on 29 August 2002 as a limited liability company in the PRC with registered capital of RMB1,500,000.

- (21) Puccini Beijing was established on 16 October 2003 as a wholly foreign owned enterprise in the PRC with registered capital of US\$200,000.
- (22) Southwest JV was established on 23 January 2003 as a limited liability company in the PRC with registered capital of RMB3,000,000.
- (23) Bomei JV was established on 23 August 2002 as a limited liability company in the PRC with registered capital of RMB1,500,000. The registered capital was increased from RMB1,500,000 to RMB2,500,000 in September 2003.
- (24) Sano JV was established on 2 September 2002 as a limited liability company in the PRC with registered capital of RMB3,000,000.
- (25) Guangzhou TOM was established on 22 March 2004 as a limited liability company in the PRC with registered capital of RMB1,000,000.
- (26) Shanghai TOM was established on 11 March 2004 as a limited liability company in the PRC with registered capital of RMB1,000,000.
- (27) CNPIT TOM Culture Company Limited was established on 12 March 2003 as a sino-foreign equity joint venture company in the PRC with registered capital of RMB5,000,000.
- (28) Guangzhou Cite Cultural Chuanbo Company Limited was established on 29 May 2003 as a wholly foreign owned enterprise in the PRC with registered capital of HK\$1,000,000.
- (29) Beijing Guojiatong was established on 8 October 2003 as a limited liability company in the PRC with registered capital of RMB100,000.
- (30) Liaoning New Star Shiji Media Assets Company Limited was established on 26 March 2004 as a limited liability company in the PRC with registered capital of RMB3,000,000.
- (31) Xiamen Bomei Shiji Media Advertising Company Limited was established on 26 April 2004 as a limited liability company in the PRC with registered capital of RMB1,500,000.

Companies incorporated in Taiwan

- (32) (i) On 23 September 2002, the authorised share capital of Business Weekly was increased from NT\$82,000,000 to NT\$100,000,000 and on 29 September 2002, an aggregate amount of NT\$79,000,000 then standing to the credit of its capital reserve was capitalised in paying up in full a total of 7,900,000 shares of NT\$10 each for allotment and issue to the shareholders of Business Weekly as at 29 September 2002.

- (ii) The authorised share capital of Business Weekly was reduced from NT\$100,000,000 to NT\$6,700,000 on 18 October 2002.
- (iii) On 23 October 2002, the issued share capital of Business Weekly was reduced from NT\$99,691,200 to NT\$1,691,200.
- (33) On 29 July 2003, Business World Consulting Co., Inc. capitalised an aggregate amount of NT\$6,000,000 then standing to the credit of its capital reserve in paying up in full a total of 600,000 shares of NT\$10 each in its share capital for allotment and issue to its shareholders as at 29 July 2003 on the basis of 750 shares for every 1,000 shares then held by such shareholders.
- (34) On 20 June 2003, the authorised share capital of My House Publication Inc. was reduced by NT\$24,000,000 from NT\$76,000,000 divided into 7,600,000 shares of NT\$10 each to NT\$52,000,000 divided into 5,200,000 shares of NT\$10 each, and on 27 June 2003, the issued share capital of My House Publication Inc. was reduced by NT\$62,959,390 from NT\$76,000,000 divided into 7,600,000 shares of NT\$10 each to NT\$13,040,610 divided into 1,304,061 shares of NT\$10 each, respectively
- (35) Upon its incorporation on 3 June 2004, Bookworm Club Co., Ltd. allotted and issued a total of 100,000 shares of NT\$10 each to Media Focus at par.

Save as disclosed in this document, there has been no changes in the share capital/registered capital of the subsidiaries of the Company within the two years preceding the date of this document.

(d) Information on the PRC entities within the TOM Group

@	(1)	Name:	上海訊能網絡有限公司 (Shanghai Super Channel Network Limited *)
		Nature:	Wholly foreign owned enterprise in the PRC
		Term:	From 20 January 2000 to 19 January 2030
		Total Investment:	US\$12,500,000
		Registered capital:	US\$5,000,000 (to be fully paid by 24 June 2005)
		Attributable interest of the TOM Group:	71.86% (note 1)
		Legal representative:	Mr. Wang Lei Lei
		Principal activities:	Development of software information system, computer network and website products in the PRC
@	(2)	Name:	昆明風馳明星信息產業有限責任公司 (Kunming Fench Star Information Industry Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 4 August 2003 to 19 May 2009
		Total Investment:	N/A
		Registered capital:	RMB11,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Li Jian
		Principal activities:	Advertising sales in the PRC
@	(3)	Name:	深圳市新飛網信息技術有限公司 (Shenzhen Freenet Information Technology Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 16 November 1999 to 16 November 2009
		Total Investment:	N/A
		Registered capital:	RMB23,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	71.86% (note 2)
		Legal representative:	Mr. Sing Wang
		Principal activities:	Operates 163.net and e-mails service provider in the PRC

@	(4)	Name:	福建新奧光明傳媒廣告有限公司 (Fujian Seeout Guangming Media Advertising Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 30 August 2002 to 29 August 2012
		Total Investment:	N/A
		Registered capital:	RMB5,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	70%
		Remaining shareholder(s):	30% – 福建省新奧戶外廣告有限公司 (Fujian Seeout Outdoor Advertising Company Limited*)
		Legal representative:	Mr. Guo Xiao Yang
		Principal activities:	Advertising sales in the PRC
@	(5)	Name:	昆明風馳傳媒有限公司 (Kunming Fench Media Company Limited*)
		Nature:	Sino-foreign equity joint venture company in the PRC
		Term:	From 30 July 2001 to 29 July 2031
		Total Investment:	RMB15,700,000
		Registered capital:	RMB11,000,000 (fully paid)
		Attributable interest of the TOM Group:	49%
		Share of the economic benefits of the TOM Group:	51%
		Legal representative:	Mr. Li Jian
		Principal activities:	Advertising sales in the PRC
@	(6)	Name:	深圳市新易網通網絡信息技術有限公司 (Shenzhen New ECLink Network Information Technology Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 9 January 2002 to 9 January 2012
		Total Investment:	N/A
		Registered capital:	RMB1,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Sing Wang
		Principal activities:	Dormant

@	(7)	Name:	深圳市新飛訊能廣告有限公司 (Shenzhen Freenet Super Channel Advertising Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 14 May 2001 to 14 May 2011
		Total Investment:	N/A
		Registered capital:	RMB1,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Sing Wang
		Principal activities:	Advertising sales in the PRC
@	(8)	Name:	北京長通聯合寬帶網絡技術有限公司 (Beijing GreaTom United Technology Company Limited *)
		Nature:	Sino-foreign equity joint venture company in the PRC
		Term:	From 12 March 2001 to 11 March 2026
		Total Investment:	RMB25,000,000
		Registered capital:	RMB25,000,000 (fully paid)
		Attributable interest of the TOM Group:	50.30% (note 3)
		Share of the economic benefits of the TOM Group:	14.37% (note 4)
		Remaining shareholder(s):	10% – 長城科技股份有限公司 (Great Wall Technology Company Limited*)
		Legal representative:	Mr. Wu Yun
		Principal activities:	Development of operating platform for broadband Internet value-added services in the PRC
@	(9)	Name:	北京雷霆無極網絡科技有限公司 (Beijing Leitingwuji Network Technology Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 31 July 2002 to 30 July 2032
		Total Investment:	N/A
		Registered capital:	RMB1,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	71.86% (note 2)
		Legal representative:	Mr. Wang Lei Lei
		Principal activities:	Provision of wireless interactive voice response services in the PRC

@	(10)	Name:	北京紅帆網神數據網絡技術有限公司 (Beijing Redsail Netlegend Data Network Technology Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 19 June 2000 to 18 June 2020
		Total Investment:	N/A
		Registered capital:	RMB62,800,000 (fully paid)
		Share of the economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Sing Wang
		Principal activities:	Provision of interactive call center services in the PRC
@	(11)	Name:	北京訊能網絡有限公司 (Beijing Super Channel Network Limited *)
		Nature:	Wholly foreign owned enterprise in the PRC
		Term:	From 20 January 2000 to 19 January 2030
		Total Investment:	US\$28,850,000
		Registered capital:	US\$13,000,000 (fully paid)
		Attributable interest of the TOM Group:	71.86% (note 1)
		Legal representative:	Mr. Frank John Sixt
		Principal activities:	Development of software information system, computer network and website products in the PRC
@	(12)	Name:	北京唐碼國際廣告有限公司 (Beijing TOM International Advertising Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 5 March 2001 to 4 March 2051
		Total Investment:	N/A
		Registered capital:	RMB1,000,000 (fully paid)
		Share of economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Sing Wang
		Principal activities:	Advertising sales in the PRC

@	(13)	Name:	華夏旅遊網絡有限公司 (China Travel Network Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 20 October 1997 to 19 October 2017
		Total Investment:	N/A
		Registered capital:	RMB10,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Hong Liang
		Principal activities:	Operates a domestic travel website in the PRC
@	(14)	Name:	北京中圖通文化諮詢有限公司 (CNPIT TOM Culture Company Limited *)
		Nature:	Sino-foreign equity joint venture company in the PRC
		Term:	From 12 March 2003 to 11 March 2023
		Total Investment:	RMB5,000,000
		Registered capital:	RMB5,000,000 (fully paid)
		Attributable interest of the TOM Group:	70%
		Remaining shareholder(s):	30% – 中圖信息技術有限公司 (CNPIT Information Technology Company Limited*)
		Legal representative:	Mr. Xie Min
		Principal activities:	Operation, circulation, sales and related advertising activities of print media business in the PRC
@	(15)	Name:	青島春雨廣告傳播有限公司 (Qingdao Chunyu Advertising Chuanbo Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 29 August 2002 to 28 August 2005
		Total Investment:	N/A
		Registered capital:	RMB1,500,000 (fully paid)
		Share of the economic benefits of the TOM Group:	70%
		Remaining shareholder(s):	30% – 青島春雨廣告裝飾工程有限公司 (Qingdao Chunyu Advertising and Décor Construction Company Limited*)
		Legal representative:	Mr. Ou-Yang Gang
		Principal activities:	Advertising sales in the PRC

@	(16)	Name:	普其利網絡科技(北京)有限公司 (Puccini Network Technology (Beijing) Limited*)
		Nature:	Wholly foreign owned enterprise in the PRC
		Term:	From 16 October 2003 to 15 October 2033
		Total Investment:	US\$280,000
		Registered capital:	US\$200,000 (to be fully paid by 15 October 2004)
		Attributable interest of the TOM Group:	71.86% (<i>note 1</i>)
		Legal representative:	Mr. Wang Lei Lei
		Principal activities:	Provision of Interactive Voice Response Services in the PRC
@	(17)	Name:	鯊威體壇(北京)信息技術有限公司 (Sharkwave Information Technology (Beijing) Company Limited*)
		Nature:	Wholly foreign owned enterprise
		Term:	From 24 December 1999 to 23 December 2029
		Total Investment:	US\$2,800,000
		Registered capital:	US\$2,000,000 (fully paid)
		Attributable interest of the TOM Group:	100%
		Legal representative:	Mr. Sing Wang
		Principal activities:	Provision of development and services relating to Internet, electronic publishing and e-commerce technology in the PRC
@	(18)	Name:	四川西南戶外傳媒有限公司 (Sichuan Southwest Outdoor Media Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 23 January 2003 to 22 January 2013
		Total Investment:	N/A
		Registered capital:	RMB3,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	70%
		Remaining shareholder(s):	30% – 四川西南國際廣告有限公司 (Sichuan Southwest International Advertising Company Limited*)
		Legal representative:	Mr. Xiao Jing Xun
		Principal activities:	Advertising sales in the PRC

@	(19)	Name:	廈門市博美聯合廣告有限公司 (Xiamen Bomei Lianhe Advertising Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 23 August 2002 to 23 August 2012
		Total Investment:	N/A
		Registered capital:	RMB2,500,000 (fully paid)
		Share of the economic benefits of the TOM Group:	60%
		Remaining shareholder(s):	40% – 廈門市博美廣告有限公司 (Xiamen Bomei Advertising Company Limited*)
		Legal representative:	Mr. Chen Mao Qiang
		Principal activities:	Advertising sales in the PRC
@	(20)	Name:	北京東方華夏旅行社有限公司 (Beijing Oriental China Travel Agency Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 10 September 1997 to 9 September 2027
		Total Investment:	N/A
		Registered capital:	RMB500,000 (fully paid)
		Share of the economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Hong Liang
		Principal activities:	Provision of event, marketing, advertising and business conferencing services and travel related services in the PRC
@	(21)	Name:	易網通電子網絡系統(深圳)有限公司 (ECLink Electronic Network Systems (Shenzhen) Company Limited*)
		Nature:	Wholly foreign owned enterprise in the PRC
		Term:	From 21 July 1997 to 21 July 2027
		Total Investment:	US\$6,000,000
		Registered capital:	US\$3,000,000 (fully paid)
		Attributable interest of the TOM Group:	100%
		Legal representative:	Ms. Chang Pui Vee, Debbie
		Principal activities:	Software, electronics and computer network system development in the PRC

@	(22)	Name:	廣東騰龍市場研究推廣有限公司 (Guangdong Tenglong Marketing Research Promotion Company Limited*)
		Nature:	Sino-foreign equity joint venture in the PRC
		Term:	From 26 May 1993 to 25 May 2003 (expired)
		Total Investment:	N/A
		Registered capital:	US\$300,000 (fully paid)
		Attributable interest of the TOM Group:	50% (note 5)
		Remaining shareholder(s):	50% – 廣州市沃域科技有限公司 (Guangzhou Woyu Technology Company Limited*)
		Legal representative:	Mr. Zhang De Hua
		Principal activities:	Operation ceased and intends to be wound up
@	(23)	Name:	河南新天明廣告信息傳播有限公司 (Henan New Tianming Advertising & Information Chuanbo Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 10 April 2002 to 30 January 2005
		Total Investment:	N/A
		Registered capital:	RMB6,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	50%
		Remaining shareholder(s):	50% – 北京天明國際投資管理有限公司 (Beijing Tianming International Investment Management Company Limited*)
		Legal representative:	Mr. Jiang Ming
		Principal activities:	Advertising sales in the PRC
@	(24)	Name:	昆明國佳科技發展有限公司 (Kunming Guojia Technology Development Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 6 December 2000 to 6 December 2010
		Total Investment:	N/A
		Registered capital:	RMB5,390,000 (fully paid)
		Share of the economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Yang Zhen Kun
		Principal activities:	Nominee holding company in the PRC

@	(25)	Name:	遼寧鑫星光明傳媒產業有限公司 (Liaoning New Star Guangming Media Assets Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 30 April 2002 to 29 April 2012
		Total Investment:	N/A
		Registered capital:	RMB10,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	60%
		Remaining shareholder(s):	40% – 遼寧鑫星盛世廣告有限公司 (New Star Prosperity Advertising Company Limited*)
		Legal representative:	Mr. Li Pei An
		Principal activities:	Advertising sales in the PRC
@	(26)	Name:	山東龍駿傳媒有限公司 (Shandong Longjun Media Company Limited *)
		Nature:	Limited liability company in the PRC
		Term:	From 7 June 2002 (with no expiry date)
		Total Investment:	N/A
		Registered capital:	RMB11,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	60%
		Remaining shareholder(s):	40% – 濟南齊魯廣告有限公司 (Jinan Qilu Advertising Company Limited*)
		Legal representative:	Mr. Meng Xian Wei
		Principal activities:	Advertising sales in the PRC
@	(27)	Name:	諾定(中國)投資有限公司 (TOM.COM (China) Investment Limited*)
		Nature:	Wholly foreign owned enterprise in the PRC
		Term:	From 28 July 2000 to 27 July 2050
		Total Investment:	N/A
		Registered capital:	US\$30,000,000 (fully paid)
		Attributable interest of the TOM Group:	71.86% (note 1)
		Legal representative:	Mr. Sing Wang
		Principal activities:	Investment holding in the PRC

@	(28)	Name:	廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 10 May 2002 (with no expiry date)
		Total Investment:	N/A
		Registered capital:	RMB5,000,000 (fully paid)
		Share of economic benefits of the TOM Group:	80%
		Remaining shareholder(s):	20% – 羊城晚報經濟發展總公司 (Yangcheng Evening News Economic Development Corporation*)
		Legal representative:	Ms. Tong Mei Kuen, Tommei
		Principal activities:	Advertising, corporate image design and sale of products in the PRC
@	(29)	Name:	廣東羊城報業體育發展有限公司 (Guangdong Yangcheng Press Sports Development Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 2 September 1998 (with no expiry date)
		Total Investment:	N/A
		Registered capital:	RMB5,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	80%
		Remaining shareholder(s):	20% – 羊城晚報經濟發展總公司 (Yangcheng Evening News Economics Development Company*)
		Legal representative:	Ms. Tong Mei Kuen, Tommei
		Principal activities:	Manages sponsorships and marketing of sports events and production of TV sports programmes in the PRC
@	(30)	Name:	北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 23 November 2000 to 22 November 2030
		Total Investment:	N/A
		Registered capital:	RMB11,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	71.86% (note 2)
		Legal representative:	Mr. Wang Lei Lei
		Principal activities:	Provision of Internet content services and wireless value-added services in the PRC

@	(31)	Name:	瀋陽沙諾環球傳媒有限公司 (Shenyang Sano Global Media Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 2 September 2002 to 1 September 2012
		Total Investment:	N/A
		Registered capital:	RMB3,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	60%
		Remaining shareholder(s):	40% – Mr. Wang Cheng Cheng
		Legal representative:	Mr. Wang Cheng Cheng
		Principal activities:	Advertising sales in the PRC
@	(32)	Name:	北京環宇網遊信息技術有限公司 (Beijing Planet Network Travel Information Technology Limited*)
		Nature:	Wholly foreign owned enterprise in the PRC
		Term:	From 15 December 1999 to 14 December 2029
		Total Investment:	US\$4,100,000
		Registered capital:	US\$2,250,000 (fully paid)
		Attributable interest of the TOM Group:	100%
		Legal representative:	Ms. Tong Mei Kuen, Tommei
		Principal activities:	Travel-related software development and provision of consulting services in the PRC
@	(33)	Name:	賽爾在線信息技術有限公司 (Cernet Information Technology Company Limited*)
		Nature:	Sino-foreign co-operative joint venture enterprise in the PRC
		Term:	From 11 December 2001 to 10 December 2021
		Total Investment:	N/A
		Registered capital:	RMB60,000,000 (fully paid)
		Attributable interest of the TOM Group:	51%
		Remaining shareholder(s):	49% – 賽爾網絡有限公司 (Cernet Network Company Limited*)
		Legal representative:	Mr. Wu Jian Ping
		Principal activities:	Provision of system integration and consultancy services in the PRC

@	(34)	Name:	昆明風馳企業管理顧問諮詢有限公司 (Kunming Fench Enterprise Management Consultancy Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 1 December 2000 to 1 December 2010
		Total Investment:	N/A
		Registered capital:	RMB5,610,000 (fully paid)
		Share of the economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Li Jian
		Principal activities:	Nominee holding company in the PRC
@	(35)	Name:	廣州市天域騰龍廣告有限公司 (Guangzhou Tianyu Tenglong Advertising Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 11 October 2001 to 21 September 2002
		Total Investment:	N/A
		Registered capital:	RMB1,000,000 (fully paid)
		Share of the economic benefits of the TOM Group:	65% (note 6)
		Remaining shareholder(s):	35% – Mr. Deng Jian Ming
		Legal representative:	Mr. Deng Jian Ming
		Principal activities:	Operation ceased and intends to be wound up
@	(36)	Name:	廣州城邦文化傳播有限公司 (Guangzhou Cite Cultural Chuanbo Company Limited*)
		Nature:	Wholly foreign owned enterprise in the PRC
		Term:	From 29 May 2003 to 29 May 2023
		Total Investment:	HK\$1,000,000
		Registered capital:	HK\$1,000,000 (fully paid)
		Attributable interest of the TOM Group:	83.17% (note 7)
		Legal representative:	Mr. Ho Fei Peng
		Principal activities:	Art work design and marketing of publications products and information consultancy services but business has not yet commenced

@	(37)	Name:	上海唐碼廣告有限公司 (Shanghai TOM Advertising Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 25 February 2004 to 24 February 2024
		Total Investment:	N/A
		Registered capital:	RMB1,000,000 (fully paid)
		Share of economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Li Jian
		Principal activities:	Advertisement design, production and issue, advertising business agency, computer graphics design and production
@	(38)	Name:	廣州唐碼廣告有限公司 (Guangzhou TOM Advertising Limited*)
		Nature:	Limited liability company in the PRC
		Term:	22 March 2004 (with no expiry date)
		Total Investment:	N/A
		Registered capital:	RMB1,000,000 (fully paid)
		Share of economic benefits of the TOM Group:	100%
		Legal representative:	Mr. Li Jian
		Principal activities:	Advertisement design, production and issue and advertising business agency and exhibition, information consultancy
@	(39)	Name:	北京國佳通信息諮詢有限公司 (Beijing Guojiatong Information Consultancy Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 28 October 2003 to 7 October 2023
		Total Investment:	N/A
		Registered capital:	RMB100,000 (fully paid)
		Attributable interests of the TOM Group:	100%
		Legal representative:	Mr. Li Jian
		Principal activities:	Information consultancy, enterprise management consultancy, exhibition organisation

@	(40)	Name:	遼寧鑫星世紀傳媒產業有限公司 (Liaoning New Star Shiji Media Assets Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 26 March 2004 to 25 March 2014
		Total Investment:	N/A
		Registered capital:	RMB3,000,000 (fully paid)
		Share of economic benefits of the TOM Group:	60% (note 8)
		Remaining shareholder(s):	4% – Ms. Wang Bing Bing
		Legal representative:	Mr. Li Pei An
		Principal activities:	Advertising sales in the PRC
@	(41)	Name:	廈門市博美世紀傳媒廣告有限公司 (Xiamen Bomei Shiji Media Advertising Company Limited*)
		Nature:	Limited liability company in the PRC
		Term:	From 26 April 2004 to 26 April 2014
		Total Investment:	N/A
		Registered capital:	RMB1,500,000 (fully paid)
		Share of economic benefits of the TOM Group:	60% (note 9)
		Remaining shareholder(s):	4% – 廈門博美廣告有限公司(Xiamen Bomei Advertising Company Limited*)
		Legal representative:	Mr. Chen Mao Qiang
		Principal activities:	Advertising sales in the PRC

* For identification purpose only

@ Subsidiary: consolidated by acquisition method

Notes:

- (1) TOM Online indirectly owns 100% equity interest in this PRC entity. Since the Company owns approximately 71.86% of the issued share capital of TOM Online, the Company indirectly owns approximately 71.86% of the equity interest in this PRC entity through TOM Online.
- (2) TOM Online through its wholly-owned subsidiary enjoys 100% of the economic benefits of this PRC entity. Since the Company owns approximately 71.86% of the issued share capital of TOM Online, the Company indirectly enjoys 71.86% of the economic benefits of this PRC entity through TOM Online.
- (3) TOM Online indirectly owns 70% equity interest in this PRC entity. Since the Company owns approximately 71.86% of the issued share capital of TOM Online, the Company indirectly owns approximately 50.30% of the equity interest in this PRC entity through TOM Online.
- (4) TOM Online through its wholly-owned subsidiary enjoys 20% of the economic benefits of this PRC entity. Since the Company owns approximately 71.86% of the issued share capital of TOM Online, the Company indirectly enjoys 14.37% of the economic benefits of this PRC entity through TOM Online.
- (5) Teng Lung (China) Advertising Company Limited directly owns 50% equity interest in this PRC entity. Since the Company through its wholly owned subsidiaries owns 100% of the issued share capital of Teng Lung (China) Advertising Company Limited, the Company indirectly owns 50% equity interest in this PRC entity.
- (6) Perfect Team Limited enjoys 100% of the economic benefits of this PRC entity through various contractual arrangements. Since the Company owns 100% of the issued share capital of Perfect Team Limited, the Company indirectly enjoys 65% of the economic benefits of this PRC entity through Perfect Team Limited.
- (7) Cite (BVI) Publishing Group Ltd. owns 100% equity interest in this PRC entity. Since the Company owns approximately 83.19% interest in Cité Publishing Holding Limited which in turn indirectly owns approximately 99.98% interest in Cite (BVI) Publishing Group Ltd., the Company indirectly owns approximately 83.17% equity interest in this PRC entity.
- (8) This PRC entity is directly owned as to 90% by 遼寧鑫星光明傳媒產業有限公司(Liaoning New Star Guangming Media Assets Company Limited), 6% by Fench Star and 4% by Ms. Wang Bing Bing. Since the Company indirectly enjoys 100% of the economic benefits in Fench Star and 60% of the economic benefits in 遼寧鑫星光明傳媒產業有限公司(Liaoning New Star Guangming Media Assets Company Limited), the Company indirectly enjoys a total of 60% of the economic benefits of this PRC entity.
- (9) This PRC entity is directly owned as to 90% by 廈門市博美聯合廣告有限公司(Xiamen Bomei Lianhe Advertising Company Limited), 6% by Fench Star and 4% by 廈門博美廣告有限公司(Xiamen Bomei Advertising Company Limited). Since the Company indirectly enjoys 100% of the economic benefits in Fench Star and 60% of the economic benefits in 廈門市博美聯合廣告有限公司(Xiamen Bomei Lianhe Advertising Company Limited), the Company indirectly enjoys a total of 60% of the economic benefits of this PRC entity.

(e) Repurchase by the Company of its own securities

This section includes the information required by the Stock Exchange to be included in this document concerning the repurchase by the Company of its own securities.

(1) *Regulations of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(A) Shareholders' approval

All repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to an ordinary resolutions proposed to be passed by the Shareholders at the Extraordinary General Meeting, a general unconditional mandate (the "Share Repurchase Mandate") will be granted to the Directors authorising any repurchase by the Company of Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange of up to 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of such resolution at any time until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held or (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by such resolution.

(B) Source of funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the memorandum and articles of association of the Company and the applicable laws and regulations of the Cayman Islands.

(C) Trading restrictions

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in the company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. In addition, a company shall not repurchase its shares on the Stock Exchange if the purchase price is higher than 5% or more than the average closing market price for the 5 preceding trading days on which the shares in the company were traded on the Stock Exchange. A company is also prohibited from making securities repurchases on the Stock

Exchange if the result of the repurchases would be that the number of the listed securities in public hands would fall below the relevant prescribed minimum percentage as required by the Stock Exchange, which is currently 25% in the case of the Company. A company shall procure that any broker appointed by it to effect the purchase of securities shall disclose to the Stock Exchange such information with respect to purchases made on behalf of the Company as the Stock Exchange may request.

(D) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relevant certificates must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(E) Suspension of repurchase

Any securities repurchase programme is required to be suspended after a price-sensitive development has occurred or has been the subject of directors' decision until the price-sensitive information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (ii) the deadline for the company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, purchase its securities on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit repurchases of securities on the Stock Exchange if a company has breached the Listing Rules.

(F) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange in the prescribed form not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the company makes a repurchase of shares. In addition, a company's annual report and accounts are required to disclose details regarding securities repurchases made during the financial year under review, including the number of securities repurchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the aggregate prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases.

(G) Connected parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a connected person (as defined under the Listing Rules) and a connected person shall not knowingly sell securities in the company to the company on the Stock Exchange.

(2) *Exercise of the Share Repurchase Mandate*

On the basis of 3,889,413,365 Shares in issue as at the Latest Practicable Date and assuming the number of Shares in issue remains unchanged up to the date of the Extraordinary General Meeting, the exercise in full of the Share Repurchase Mandate could accordingly result in up to 388,941,336 Shares being repurchased by the Company during the period until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Share Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

(3) *Reasons for repurchases*

The Directors believe that the Share Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

(4) *Funding of repurchases*

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws and regulations of the Cayman Islands. The Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(5) *General*

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this document) in the event that the Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate only in accordance with the Listing Rules, and the applicable laws and regulations of the Cayman Islands from time to time in force.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention, if the Share Repurchase Mandate is approved by the Shareholders and exercised, to sell any Shares to the Company or any of its subsidiaries.

No connected person (as defined in Listing Rules) of the Company has notified the Company that he or she has a present intention to sell any Shares to the Company or has undertaken not to do so, if the Share Repurchase Mandate is approved by the Shareholders and exercised.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code. Save as aforesaid, the Directors are not aware of any other consequence which would arise under the Code as a result of any repurchases of Shares pursuant to the Share Repurchase Mandate.

(6) *Share Prices*

The highest and lowest prices at which the Shares have been traded on the GEM during each of the previous twelve months before the Latest Practicable Date were as follows:

	Shares	
	Highest HK\$	Lowest HK\$
June 2003	2.725	2.325
July 2003	2.450	1.990
August 2003	2.475	2.000
September 2003	2.600	2.375
October 2003	2.650	2.425
November 2003	2.550	2.200
December 2003	2.400	2.150
January 2004	2.550	2.350
February 2004	2.575	2.300
March 2004	2.575	1.820
April 2004	2.050	1.730
May 2004	1.780	1.520
June 2004*	1.760	1.540

* *Up to the Latest Practicable Date*

II. FURTHER INFORMATION ABOUT OUR BUSINESS**(a) Summary of material contracts**

The following contracts, not being contracts in the ordinary course of business, have been entered into by the TOM Group within two years preceding the Latest Practicable Date and are or may be material:

- (1) A framework agreement dated 26 June 2002 entered into between TOM OMG, Bomei, Mr. Chen Mao Sheng and Ms. Chen Hui Qian whereby TOM OMG has agreed to acquire 60% economic benefits in Bomei JV at a consideration to be calculated by reference to the amount of its profits after tax, as amended by a supplemental agreement dated 20 December 2002 entered into between the same parties in amending the time for payment of the consideration.
- (2) A framework agreement dated 26 June 2002 entered into between TOM OMG, Seeout, Mr. Li Guo Ping and Mr. Guo Xiao Yang whereby TOM OMG has agreed to acquire 70% economic benefits in Seeout JV at a consideration to be calculated by reference to the amount of its profits after tax, as amended by a supplemental agreement dated 15 January 2003 entered into between the same parties in amending the time for payment of the consideration.
- (3) A loan agreement dated 27 June 2002 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of HK\$6,100,000 to Mr. Wang for his onward lending to Shenzhen Freenet.
- (4) A tenancy agreement dated 8 July 2002 entered into between 廣東農經實業公司 as landlord and Guangzhou Tianyu Tenglong Advertising Company Limited (“Tianyu Tenglong Advertising”) as tenant in relation to the lease of Unit E, Level 18, International Trade Centre, 1 Linhe West Road, Tianhe District, Guangzhou, Guangdong Province, the PRC for a period of 24 months expiring on 7 July 2004.
- (5) A tenancy agreement dated 8 July 2002 entered into between Mr. Ou-Yang Gang as landlord and Chunyu JV as tenant in relation to the lease of Unit No. 2402, Level 24, Gangao Building, 21 Shandong Road, Qingdao, Shandong Province, the PRC for a period of three years expiring on 20 June 2005.
- (6) A loan agreement dated 8 July 2002 entered into between China Media Network (BVI) Limited (“China Media”) and TOM Centro Limited (“TOM Centro”) as lenders and Perfect Team Limited (“Perfect Team”) as borrower pursuant to which China Media and TOM Centro agreed to advance a loan in the amount of US\$1,000,000 to Perfect Team.

- (7) A loan agreement dated 25 July 2002 entered into between Devine Gem Management Limited (“Devine Gem”) as lender, Mr. Wang and Ms. Wang as borrowers, pursuant to which Devine Gem agreed to provide Mr. Wang and Ms. Wang a loan in the amount of RMB400,000 and RMB100,000 respectively, to be invested exclusively in LTWJi.
- (8) An exclusive option agreement dated 25 July 2002 entered into between Ms. Wang, Mr. Wang, Devine Gem and LTWJi pursuant to which each of Ms. Wang and Mr. Wang agreed to grant an exclusive option to Devine Gem to purchase their respective equity interest in LTWJi at the exercise price equivalent to their respective actual capital contributions towards the registered capital of LTWJi by Ms. Wang and Mr. Wang.
- (9) An equity pledge agreement dated 25 July 2002 entered into between Ms. Wang and Mr. Wang as pledgors and Devine Gem as pledgee pursuant to which Ms. Wang and Mr. Wang agreed to pledge their respective equity interest in LTWJi in favour of Devine Gem.
- (10) A framework agreement dated 1 August 2002 entered into between TOM OMG, Southwest International, Boguang whereby TOM OMG has agreed to acquire 70% of the economic benefits in Southwest JV at a consideration to be calculated by reference to the amount of its profits after tax, as amended by the supplemental agreements dated 20 December 2002 and 15 January 2003 respectively entered into between the same parties.
- (11) An equity transfer agreement dated 8 August 2002 entered into between Mr. Wang as transferor and Ms. Wang as transferee whereby Mr. Wang agreed to transfer 60% of the equity interest in Beijing Lei Ting to Ms. Wang at a consideration of RMB6,600,000.
- (12) An equity transfer agreement dated 8 August 2002 entered into between Mr. Wang as transferor and Ms. Wang as transferee whereby Mr. Wang agreed to transfer 60% of his equity interest in Beijing TOM to Ms. Wang at a consideration of RMB600,000.
- (13) An exclusive option agreement dated 8 August 2002 entered into among others, Lahiji, Ms. Wang and Mr. Wang in relation to the sole exclusive right for Lahiji to purchase 20% and 80% of the equity interest of Mr. Wang and Ms. Wang respectively in Beijing Lei Ting at the exercise price equivalent to the actual capital contribution by Mr. Wang and Ms. Wang.
- (14) An exclusive option agreement dated 8 August 2002 entered into among others, Lahiji, Ms. Wang and Mr. Wang in relation to the sole exclusive right for Lahiji to purchase 20% and 80% of the equity interest of Mr. Wang and Ms. Wang respectively in Beijing TOM at the exercise price equivalent to the actual capital contribution by Mr. Wang and Ms. Wang.

- (15) An equity pledge agreement dated 8 August 2002 entered into between Lahiji as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge 80% of the equity interest in Beijing Lei Ting to Lahiji.
- (16) An equity pledge agreement dated 8 August 2002 entered into between Lahiji as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge 80% of the equity interest in Beijing TOM to Lahiji.
- (17) An equity pledge agreement dated 8 August 2002 entered into between Lahiji as pledgee and Mr. Wang as pledgor whereby Mr. Wang agreed to pledge 20% of the equity interest in Beijing Lei Ting to Lahiji.
- (18) An equity pledge agreement dated 8 August 2002 entered into between Lahiji as pledgee and Mr. Wang as pledgor whereby Mr. Wang agreed to pledge 20% of the equity interest in Beijing TOM to Lahiji.
- (19) A loan agreement dated 8 August 2002 entered into between Lahiji as lender and Ms. Wang as borrower whereby Lahiji agreed to grant a loan in the amount of RMB8,800,000 to Ms. Wang for general working capital of Beijing Lei Ting.
- (20) A loan agreement dated 8 August 2002 entered into between Lahiji as lender and Ms. Wang as borrower whereby Lahiji agreed to grant a loan in the amount of RMB800,000 to Ms. Wang for general working capital of Beijing TOM.
- (21) A loan agreement dated 8 August 2002 entered into between Lahiji as lender and Mr. Wang as borrower whereby Lahiji agreed to grant a loan in the amount of RMB2,200,000 to Mr. Wang for general working capital of Beijing Lei Ting.
- (22) A loan agreement dated 8 August 2002 between Lahiji as lender and Mr. Wang as borrower whereby Lahiji agreed to grant a loan in the amount of RMB200,000 to Mr. Wang for general working capital of Beijing TOM.
- (23) A share purchase agreement dated 15 August 2002 entered into between Spectrum International as vendor, Modern Perfect as purchaser, Mr. Lincoln Serejo Venancio (“Mr. Venancio”) as guarantor and Tennis Management with respect to the sale and purchase of 60% of the issued share capital of Tennis Management at a consideration of HK\$100,828,800 to be satisfied by way of allotment and issue of 18,299,238 Shares credited as fully paid at HK\$5.51 (“TML Share Purchase Agreement”), as amended by two deeds of variation dated 31 October 2003 and 1 June 2004 respectively entered into between the same parties.
- (24) A loan agreement dated 21 August 2002 entered into between Mr. Wang as lender and Shenzhen Freenet as borrower whereby Mr. Wang advanced a loan in the amount of RMB551,400 to Shenzhen Freenet exclusively for contributing to the registered capital of Shenzhen Freenet.

- (25) A loan agreement dated 21 August 2002 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of RMB7,091,400 to Mr. Wang for his onward lending to Shenzhen Freenet.
- (26) An exercise notice dated 23 August 2002 given by TOM Fashion Limited (“TOM Fashion”) to Opus Consultants Limited (“Opus”), Push Design Limited (“Push Design”) and Alpine Holdings International Limited (“Alpine”) whereby TOM Fashion gives notice to exercise the option to purchase the shares of She.com International Holdings Limited (“She.com”) in accordance with the shareholders’ agreement dated 25 May 2000 as supplemented by, inter alia: (i) a deed of adherence dated 29 August 2000, supplementing the shareholders’ agreement dated 25 May 2000 entered into between She.com and Extremes Enterprises Limited (“Extremes”) whereby Extremes became a shareholder of She.com; (ii) the deed of adherence and supplemental agreement to the shareholders’ agreement dated 24 May 2001 entered into between Alpine, She.com, TOM Fashion, Opus, Push Design, Mr. Derek Emory Yeung, Mr. Lam Wai Shan, Mr. Jeremy Lam Hou Wai and Extremes; and (iii) the supplemental agreement dated 24 November 2001 entered into between Alpine, TOM Fashion, Opus, Push Design, She.com, Mr. Derek Emory Yeung, Ms. Lam Wai Shan, Mr. Jeremy Lam Hou Wai and Extremes. (“She.com Shareholders’ Agreement”).
- (27) An equity pledge agreement dated 1 September 2002 entered into between Qilu as pledgee, Jinan Qilu and Qilu JV as pledgors whereby the parties agree to, inter alia, pledge the assets of Jinan Qilu and Qilu JV to Qilu.
- (28) A loan agreement dated 3 September 2002 entered into between Beijing Super Channel as lender and TOM China as borrower whereby TOM China advanced to Beijing Super Channel a loan in the amount of RMB9,395,000.
- (29) A capital transfer agreement dated 5 September 2002 entered into between Mr. Wang, as transferor Ms. Wang as transferee and Fench Management, under which, Mr. Wang agreed to transfer his capital injected in Fench Management to Ms. Wang at a consideration of RMB3,085,000.
- (30) An exclusive option agreement dated 5 September 2002 entered into among others, Hitech Profits Limited (“Hitech”), Mr. Li Jian (“Mr. Li”), Ms. Wang and Mr. Wang in relation to the sole exclusive right for Hitech to purchase the entire equity interest of Fench Management at the exercise price equivalent to the actual capital contribution by each of Mr. Li, Ms. Wang and Mr. Wang.
- (31) An equity pledge agreement dated 5 September 2002 entered into between Hitech as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge her entire equity interest in Fench Management to Hitech.
- (32) An equity pledge agreement dated 5 September 2002 entered into between Hitech as pledgee and Mr. Wang as pledgor whereby Mr. Wang agreed to pledge his entire equity interest in Fench Management to Hitech.

- (33) A sale and purchase agreement dated 6 September 2002 entered into between TOM International as purchaser and 36 Solutions as vendor relating to the acquisition of web development and marketing production business at a consideration of HK\$1,760,000.
- (34) A letter of intent dated 9 September 2002 entered into between Sanlian and TOM International with respect to the establishment of a joint venture in the PRC.
- (35) A loan agreement dated 11 September 2002 entered into between Beijing Super Channel as lender and TOM China as borrower whereby TOM China advanced to Beijing Super Channel a loan in the amount of RMB2,905,000.
- (36) A tenancy agreement dated 18 September 2002 entered into between 中國信息技術有限公司 (CNPIT Information Technology Company Limited) as landlord and CNPIT TOM Culture Company Limited 北京中圖通文化諮詢有限公司 (CNPIT TOM Culture Company Limited) (“CNPIT TOM Culture”) as tenant in relation to the lease of Unit No. 110, Level 1, Rear Block, 16 Gongti East Road, Chaoyang District, Beijing, the PRC for a period of two years commencing on the date of establishment of CNPIT TOM Culture which is 12 March 2003.
- (37) A letter of intent dated 18 September 2002 entered into between PCW Publishing House, China Science Media and TOM International relating to the establishment of a joint venture company in the PRC.
- (38) A shareholders’ agreement dated 20 September 2002 (“TML Shareholders’ Agreement”) entered into between Modern Perfect, Spectrum International, Mr. Venancio and Tennis Management relating to Tennis Management.
- (39) A letter dated 20 September 2002 given by TOM International to Spectrum International confirming that in the event that Modern Perfect is unable to perform its obligation under clause 26 of the TML Shareholders’ Agreement, such obligation shall be undertaken by TOM International.
- (40) A deed of indemnity dated 20 September 2002 entered into between Spectrum International, Mr. Venancio, Tennis Management and Modern Perfect whereby Spectrum International and Mr. Venancio have agreed to give certain tax indemnities in favour of Tennis Management and its subsidiaries.
- (41) A deed of charge dated 20 September 2002 entered into between Spectrum International and Modern Perfect pursuant to which Spectrum International agreed to enter into this deed in favour of Modern Perfect in order to secure certain obligation of Spectrum International under the TML Share Purchase Agreement.
- (42) An escrow letter dated 20 September 2002 relating to the appointment of Barlow Lyde & Gilbert (“BLG”) as an escrow agent by Spectrum International and Modern Perfect to hold the share certificate for 18,299,238 shares, as amended by the

supplemental escrow letters dated 20 March 2003, 10 April 2003, 28 May 2003, 25 June 2003, 27 August 2003, 31 October 2003 and 26 April 2004 respectively with respect to the extension of the appointment of BLG as an escrow agent.

- (43) An equity transfer agreement dated 24 September 2002 entered into between Mr. Wang as transferor and Ms. Wang as transferee, pursuant to which Mr. Wang agreed to transfer his 70% of the equity interest in Yang Cheng Sports to Ms. Wang at a consideration of RMB3,500,000.
- (44) An equity transfer agreement dated 24 September 2002 entered into between Mr. Wang as transferor and Ms. Wang as transferee, pursuant to which Mr. Wang agreed to transfer his 70% of the equity interest in Yang Cheng Advertising to Ms. Wang.
- (45) An equity pledge agreement dated 24 September 2002 entered into between Commercelink as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge her entire interests in Yang Cheng Sports to Commercelink, as amended by a supplemental equity pledge agreement dated 20 November 2003 entered into between Commercelink, Ms. Wang and ECLink Shenzhen.
- (46) An equity pledge agreement dated 24 September 2002 entered into between Commercelink as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge her entire equity interests in Yang Cheng Advertising to Commercelink.
- (47) An exclusive option agreement dated 24 September 2002 entered into between Commercelink and Ms. Wang, pursuant to which Ms. Wang agreed to grant Commercelink an exclusive option to purchase all of her interest in Yang Cheng Sports at the exercise price equivalent to the total capital contribution by Ms. Wang.
- (48) An exclusive option agreement dated 24 September 2002 entered into between Commercelink and Ms. Wang, pursuant to which Ms. Wang agreed to grant Commercelink an exclusive option to purchase all of her interest in Yang Cheng Advertising at the exercise price equivalent to the total capital contribution by Ms. Wang.
- (49) A memorandum of understanding dated 16 October 2002 entered into between TOM International, Beijing Charm Art & Advertising Company Limited, Mr. Da He and Ms. Chou Wei Hua relating to the formation of a joint venture company in the PRC.
- (50) A letter dated 18 October 2002 given by TOM Fashion to Opus, Push Design and Alpine with respect to the extension of option period to purchase the shares of She.com pursuant to the She.com Shareholders' Agreement.
- (51) A tenancy agreement dated 21 October 2002 entered into between 廣東精彩無限文化有限公司(Guangdong FAB Endless Culture Company Limited) as landlord and Hong Xiang as tenant in relation to the lease of 3rd and 4th Floors, Sheng Huo Services Company Commercial Building, Baiyun Airport, Guangzhou, Guangdong Province, the PRC (廣州白雲國際機場生活服務公司業務樓三及四樓) for a period of three years expiring on 20 October 2005.

- (52) A supplemental agreement dated 29 October 2002 entered into between Diamond Profits Limited (“Diamond Profits”) and 宏嘉創業投資股份有限公司 (Primus Investment Fund Limited) which supplements the stock purchase agreement dated 11 December 2001 (“BW Stock Purchase Agreement”).
- (53) A deed of adherence dated 29 October 2002 given by Windsor Hill Corp. in favour of Diamond Profits and TOM International in relation to the BW Stock Purchase Agreement.
- (54) A supplemental agreement dated 29 October 2002 entered into between Diamond Profits and PC Home which supplements the BW Stock Purchase Agreement.
- (55) A deed of adherence dated 29 October 2002 given by PC Home in favour of Diamond Profits and TOM International in relation to the BW Stock Purchase Agreement.
- (56) A supplemental agreement dated 29 October 2002 entered into between Diamond Profits, Chih Nan Investment Company Limited, Jeng Da Investment Company Limited and Mr. James Jin which supplements the BW Stock Purchase Agreement.
- (57) A deed of adherence dated 29 October 2002 given by Golden River Holdings Limited in favour of Diamond Profits and TOM International in relation to the BW Stock Purchase Agreement.
- (58) An equity pledge agreement dated 1 November 2002 entered into between Seeout as pledgor and Seeout JV as pledgee whereby Seeout agreed to pledge all its outdoor advertising media assets to Seeout JV.
- (59) An ISP cooperation agreement dated 4 November 2002 entered into between Beijing Lei Ting and Cernet, as amended in May 2003. Pursuant to this agreement, Cernet provides a dial-in number to customers of Beijing Lei Ting to access the Internet and Beijing Lei Ting pays a monthly usage fee. In addition, the parties share the profits equally. Notwithstanding the above, Beijing Lei Ting will pay a fixed monthly usage fee to Cernet for the period from May 2003 to October 2003. This agreement will expire on 1 November 2003, with an automatic extension of one year if no party objects.
- (60) A memorandum of understanding dated 21 November 2002 entered into between TOM International, Henan Ming Sheng Advertising Company Limited, Mr. Niu Zhi Min and Ms. Wang Li Jun relating to the formation of a joint venture company in the PRC.
- (61) A license agreement dated 21 November 2002 between Cernet as licensor and Beijing Lei Ting as licensee pursuant to which, Beijing Lei Ting granted a license to Cernet to use the TOMNET trademark, but Cernet does not have the right to sub-license the TOMNET trademark to any third parties without prior consent from Beijing Lei Ting. Beijing Lei Ting also permits Cernet to use various related network resources and customer information of TOMNET. The term of this agreement is from 21 November 2002 to 20 November 2004.

- (62) A termination & novation agreement dated 25 November 2002 entered into between Mr. Wang, Advanced Internet and Shenzhen Freenet with respect to (i) termination of the loan agreement dated 21 August 2002 entered into between Mr. Wang as lender and Shenzhen Freenet as borrower whereby Mr. Wang advanced a loan in the amount of RMB551,400 to Shenzhen Freenet exclusively for contributing to the registered capital of Shenzhen Freenet; and (ii) novation of all rights, obligations and liabilities from Mr. Wang to Advanced Internet with respect to a certain sum of the shareholders' loan under the same loan agreement.
- (63) A novation agreement dated 25 November 2002 entered into between Mr. Wang, Advanced Internet and Shenzhen Freenet relating to the novation of all rights, obligation and liabilities from Mr. Wang to Shenzhen Freenet pursuant to the loan agreement dated 17 January 2001 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of RMB1,059,500 to Mr. Wang for his onward leading to Shenzhen Freenet.
- (64) A novation agreement dated 25 November 2002 entered into between Mr. Wang, Advanced Internet and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang to Advanced Internet pursuant to the loan agreement dated 17 January 2001 entered into between Mr. Wang and Shenzhen Freenet as borrower whereby Mr. Wang advanced a loan in the amount of RMB1,059,500 to Shenzhen Freenet.
- (65) A novation agreement dated 25 November 2002 entered into between Advanced Internet, Mr. Wang and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang to Advanced Internet pursuant to the novation agreement dated 2 March 2001 entered into between Mr. Sing Wang, Mr. Wang and Shenzhen Freenet whereby Mr. Sing Wang has assigned all his rights, title, interest and benefits of and novated all his obligations and liabilities under the loan agreement dated 10 December 1999 (as supplemented) to Mr. Wang in respect of a loan in the total sum of RMB76,899,381 granted by Mr. Sing Wang to Shenzhen Freenet.
- (66) A novation agreement dated 25 November 2002 entered into between Advanced Internet, Mr. Wang and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang to Shenzhen Freenet pursuant to the novation agreement dated 2 March 2001 entered into between Mr. Sing Wang, Mr. Wang and Advanced Internet whereby Mr. Sing Wang has assigned all his rights, title, interest and benefits of and novated all his obligations and liabilities under the loan agreement dated 10 December 1999 in respect of a loan in the amount of HK\$58,000,000 to Mr. Wang.
- (67) A novation agreement dated 25 November 2002 entered into between Advanced Internet, Mr. Wang and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang to Advanced Internet pursuant to the novation agreement dated 2 March 2001 entered into between Mr. Sing Wang, Mr. Wang and

Shenzhen Freenet whereby Mr. Sing Wang has assigned all his rights, title, interest and benefits of and novated all his obligations and liabilities under the loan agreement dated 15 December 2000 in respect of a loan in the amount of RMB76,899,381 to Mr. Wang.

- (68) A novation agreement dated 25 November 2002 entered into between Advanced Internet, Mr. Wang and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang to Shenzhen Freenet pursuant to the novation agreement dated 2 March 2001 entered into between Mr. Sing Wang, Mr. Wang and Advanced Internet whereby Mr. Sing Wang has assigned all his rights, title, interest and benefits of and novated all his obligations and liabilities under the loan agreement dated 2 November 2000 in respect of a loan in the amount of RMB78,899,381 to Mr. Wang.
- (69) A novation agreement dated 25 November 2002 entered into between Advanced Internet, Mr. Wang and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang to Shenzhen Freenet pursuant to the first loan agreement dated 29 December 2000 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced to Mr. Wang a loan in the amount of RMB10,000,000 and the second loan agreement dated 5 June 2001, also entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of RMB12,022,500 to Mr. Wang.
- (70) A termination agreement dated 25 November 2002 entered into between Mr. Wang, Shenzhen Freenet and Advanced Internet with respect to the termination of a loan agreement dated 21 May 2001 whereby Advanced Internet advanced a loan in the amount of RMB7,000,000 to Mr. Wang for his onward lending to Shenzhen Freenet.
- (71) A termination agreement dated 25 November 2002 entered into between Mr. Wang, Shenzhen Freenet and Mr. Sing Wang with respect to the termination of a loan agreement dated 21 May 2001 whereby Mr. Wang advanced a loan in the amount of RMB630,000 to Mr. Sing Wang for his onward lending to Shenzhen Freenet.
- (72) A termination and novation agreement dated 25 November 2002 entered into between Mr. Wang, Shenzhen Freenet and Advanced Internet with respect to (i) the termination of a loan agreement dated 21 August 2002 entered into between the same parties whereby Advanced Internet advanced a loan in the amount of RMB7,091,400 to Mr. Wang for his onward lending to Shenzhen Freenet; and (ii) the novation of obligations and liabilities from Mr. Wang to Shenzhen Freenet pursuant to the loan agreement dated 21 August 2002 with respect to a certain sum of the shareholders' loan.
- (73) A termination agreement dated 25 November 2002 entered into between Mr. Wang and Advanced Internet with respect to the termination of a supplemental loan agreement dated 30 March 2001 entered into between the same parties whereby Advanced Internet advanced a loan in the amount of RMB2,000,000 to Mr. Wang for his onward lending to Shenzhen Freenet.

- (74) A termination agreement dated 25 November 2002 entered into between Mr. Wang and Advanced Internet with respect to the termination of an exclusive option and pledge agreement dated 2 November 2000 made between the same parties whereby Mr. Wang agreed to grant an option to Advanced Internet to purchase all his equity interest in Shenzhen Freenet.
- (75) A loan agreement dated 25 November 2002 entered into between Ms. Wang as borrower and Advanced Internet as lender, pursuant to which Advanced Internet granted Ms. Wang a loan facility of RMB136,032,781, the proceeds of which shall be used exclusively towards the working capital of Shenzhen Freenet or Redsail. Advanced Internet has a right to demand payment of the loan at any time.
- (76) A loan agreement dated 25 November 2002 entered into between Advanced Internet as lender and Ms. Wang as borrower, pursuant to which Advanced Internet agreed to grant a loan in the amount of RMB23,000,000 to Ms. Wang for the exclusive purpose of contributing towards registered capital of Shenzhen Freenet.
- (77) An equity transfer agreement dated 25 November 2002 entered into between Mr. Wang as assignor and Ms. Wang as assignee with respect to the transfer of Mr. Wang's 70% equity interests in Shenzhen Freenet to Ms. Wang at the consideration of RMB16,100,000.
- (78) An exclusive option agreement dated 25 November 2002 entered into between Advanced Internet and Mr. Wang in relation to the sole exclusive right for Advanced Internet to purchase his 20% equity interest of Shenzhen Freenet.
- (79) An exclusive option agreement dated 25 November 2002 entered into between Advanced Internet and Ms. Wang in relation to the sole exclusive right for Advanced Internet to purchase her 70% equity interest of Shenzhen Freenet.
- (80) An equity pledge agreement dated 25 November 2002 entered into between Advanced Internet as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge her 70% equity interest in Shenzhen Freenet to Advanced Internet, which was terminated by a termination agreement dated 26 September 2003 entered into between the same parties.
- (81) An equity pledge agreement dated 25 November 2002 entered into between Advanced Internet as pledgee and Mr. Wang as pledgor whereby Mr. Wang agreed to pledge his 20% equity interest in Shenzhen Freenet to Advanced Internet.
- (82) A novation agreement dated 1 December 2002 entered into between Mr. Wang, Shenzhen Freenet and Advanced Internet relating to the novation of all rights, obligations and liabilities from Mr. Wang to Advanced Internet pursuant to the loan agreement dated 29 December 2000 and supplemental loan agreement dated 30 March 2001 entered into between the same parties.

- (83) A novation agreement dated 1 December 2002 entered into between Mr. Wang, Shenzhen Freenet and Advanced Internet relating to the novation of all rights, obligations and liabilities from Mr. Wang to Advanced Internet pursuant to the loan agreement dated 21 August 2002 entered into between Mr. Wang as lender and Shenzhen Freenet as borrower whereby Mr. Wang advanced a loan in the amount of RMB551,400 to Shenzhen Freenet.
- (84) A termination agreement dated 1 December 2002 entered into between Mr. Wang, Shenzhen Freenet and Advanced Internet with respect to the termination of a loan agreement dated 21 August 2002 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of RMB7,091,400 to Mr. Wang for his onward lending to Shenzhen Freenet.
- (85) A termination agreement dated 1 December 2002 entered into between Mr. Wang, Shenzhen Freenet and Advanced Internet with respect to the termination of a loan agreement dated 21 May 2001 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of HK\$6,604,000 to Mr. Wang for his onward lending to Shenzhen Freenet.
- (86) A termination agreement dated 1 December 2002 entered into between Mr. Wang, Shenzhen Freenet and Advanced Internet with respect to the termination of a loan agreement dated 27 June 2002 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of HK\$6,100,000 to Mr. Wang for his onward lending to Shenzhen Freenet.
- (87) A termination agreement dated 1 December 2002 entered into between Mr. Wang and Advanced Internet with respect to the termination of a loan agreement dated 29 December 2000 and a supplemental agreement dated 30 December 2001 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a certain sum to Mr. Wang for his onward lending to Shenzhen Freenet.
- (88) A termination agreement dated 1 December 2002 entered into between Mr. Wang and Lahiji with respect to the termination of a loan agreement dated 8 August 2002 entered into between Lahiji as lender and Mr. Wang as borrower whereby Lahiji advanced a loan in the amount of RMB200,000 to Mr. Wang to invest in Beijing TOM.
- (89) A termination agreement dated 1 December 2002 entered into between Mr. Wang and Advanced Internet with respect to the termination of a loan agreement dated 24 December 2001 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of RMB100,000 to Mr. Wang for his onward lending to ECLink Shenzhen.

- (90) A termination agreement dated 1 December 2002 entered into between Mr. Wang and Hitech with respect to the termination of a loan agreement dated 6 December 2000 entered into between Hitech as lender and Mr. Wang as borrower whereby Hitech advanced a loan in the amount of RMB4,207,500 to Mr. Wang to invest in Fench Management.
- (91) A termination agreement dated 1 December 2002 entered into between Mr. Wang and Lahiji with respect to the termination of a loan agreement dated 8 August 2002 entered into between Lahiji as lender and Mr. Wang as borrower whereby Lahiji advanced a loan in the amount of RMB2,200,000 to Mr. Wang to invest in Beijing Lei Ting.
- (92) A termination agreement dated 1 December 2002 entered into between Mr. Wang and Advanced Internet with respect to the termination of a loan agreement dated 18 April 2001 entered into between Advanced Internet as lender and Mr. Wang as borrower whereby Advanced Internet advanced a loan in the amount of RMB100,000 to Mr. Wang for his onward lending to Shenzhen Freenet Advertising.
- (93) A sale and purchase agreement dated 3 December 2002 entered into between Texcept Limited (“Texcept”) as vendor and Team Wish Enterprises Limited as purchaser pursuant to which Team Wish Enterprises Limited agreed to purchase and Texcept agreed to sell assets including stationary, computer and other electronic equipment for the consideration of HK\$400,000.
- (94) A capital transfer agreement dated 2 December 2002 entered into between Shenzhen Freenet as transferee, Ms. Zhang Jing and Mr. Zhang Hong Cheng as transferors, pursuant to which Ms. Zhang Jing and Mr. Zhang Hong Cheng agreed to transfer all of their respective capital injected in Hong Xiang to Shenzhen Freenet at a consideration of RMB100,000 and RMB300,000, respectively.
- (95) A deed of settlement dated 4 December 2002 entered into between TOM International and International Merchandising Corporation relating to the termination of an agreement dated 8 March 2000 entered into between the same parties whereby the parties agreed to a full and final settlement of all claims arising out of or in connection with the arbitration proceedings between the same parties.
- (96) A sale and purchase agreement dated 6 December 2002 entered into between Cup Limited as vendor and Cup as purchaser with respect to the transfer of the business and proprietorship of Cup Magazine and AV Magazine (“Magazines”), certain employees, certain fixed assets and the past contents of the Magazines to Cup at a consideration not exceeding HK\$800,000.
- (97) A subscription agreement dated 27 December 2002 (“Cité Subscription Agreement”) entered into between Cité Publishing Holding, TOM Print Media as subscriber, persons named in schedule 1 of the Cité Subscription Agreement and Mr. Jan Hung Tze (“Mr. Jan”) in respect of subscription of new shares in Cité Publishing Holding and sale

and purchase of shareholding interests in Business Weekly, Sharp Point and Home Media Group Limited (“HMG”), as amended by three supplemental agreements dated 31 March 2003, 30 April 2003 and 31 May 2003 respectively entered into between the same parties.

- (98) A share sale and purchase agreement dated 17 January 2003 entered into between TOM Print Media as purchaser and Business Weekly as vendor relating to the sale and purchase of certain shares in at a consideration of NT\$52,249,978.
- (99) A letter dated 17 January 2003 given by TOM Fashion to Opus, Push Design and Alpine with respect to the extension of option period to purchase the shares of She.com pursuant to the She.com Shareholders’ Agreement.
- (100) A tenancy agreement dated 1 February 2003 entered into between Southwest International as landlord and Southwest JV as tenant in relation to the lease of Level 24, Jiangxin Building, 58 Taisheng North Road, Chengdu, Sichuan Province, the PRC for a period of two years expiring on 31 January 2005.
- (101) A stock purchase agreement dated 14 February 2003 entered into between TOM Print Media, Cité Publishing Holding and Mr. Jan with respect to the acquisition of up to an aggregate of 11.645% of the issued share capital of Cité Publishing Holding by TOM Print Media, as amended by a supplemental agreement dated 30 April 2003 entered into between the same parties.
- (102) A supplemental loan facility Letter dated 12 March 2003 entered into between Timor International Limited as lender and the Company as borrower pursuant to which the parties agreed to defer the repayment date of a loan facility pursuant to a facility letter dated 10 December 2001 of up to HK\$170,000,000 to 10 December 2004, as amended by a supplemental facility letter dated 2 June 2003.
- (103) A letter dated 20 March 2003 given by TOM Fashion to Opus, Push Design and Alpine whereby the option period pursuant to the She.com Shareholders’ Agreement would expire and lapse on 21 March 2003.
- (104) A facility letter dated 1 April 2003 entered into between The Development Bank of Singapore Limited as lender and the Company as borrower whereby The Development Bank of Singapore Limited agreed to grant up to NT\$1,875,000,000 credit facility to the Company to, inter alia, finance its acquisition of all the business, assets, issued capital and any other equity interest of Business Weekly, Sharp Point and PC Home.
- (105) A cooperation agreement dated 11 April 2003 entered into between Beijing Lei Ting and China Unicom pursuant to which Beijing Lei Ting agreed to provide SMS services to China Unicom’s mobile phone users through its UNI-Info platform. This agreement expired on 11 April 2004.

- (106) A surrender agreement dated 14 April 2003 entered into between Metro as tenant and the Company as landlord in respect of office units 4705-4707 and Studio 1 on 47th Floor of the Center.
- (107) A framework agreement dated 30 April 2003 entered into between TOM International, Redsail Yuxiang and 北京三錦泰和科技發展有限公司 (Beijing Sanjintaihe Technology Development Company Limited) (“Sanjintaihe”) with respect to the acquisition of 60% of the economic benefits in Redsail at the consideration of RMB50,058,489, as amended by a supplemental agreement dated 30 May 2003 entered into between the same parties.
- (108) An equity transfer agreement dated 30 April 2003 entered into between Redsail Yuxiang, Sanjintaihe and Beijing Lei Ting with respect to the acquisition of 60% of the economic benefits in Redsail, as amended by an agreement dated 30 May 2003 entered into between the same parties.
- (109) Cooperation agreements entered into between Beijing Lei Ting and Beijing Mobile Communication Company Limited (“Beijing Mobile”) which became effective on 1 May 2003, and entered into with Guangdong Mobile Communication Company Limited in November 2003, both are subsidiaries of China Mobile. Pursuant to these agreements, Beijing Lei Ting agreed to provide SMS services to the mobile phone users of the respective China Mobile subsidiary through the Monternet platform. The expiry dates of these agreements are 30 April 2004 and November 2004, respectively.
- (110) A licence agreement dated 15 May 2003 entered into between Texcept as the licensor and SoftChina Limited (“SoftChina”) as the licensee whereby Texcept agreed to grant the license to use the assets to SoftChina at a licence fee in the amount of HK\$290,390.47 and the agreement expired on 31 May 2003.
- (111) An equity transfer agreement dated 23 May 2003 entered into between Sano as vendor and Mr. Wang Cheng Cheng as purchaser in relation to the acquisition of 40% equity interest in Sano JV.
- (112) A deed of assignment dated 2 June 2003 entered into between Smart Smith Limited as assignor, Tactwood Investments Limited as assignee and the Company in respect of an assignment of a loan facility of up to HK\$340,000,000 pursuant to a loan facility letter dated 10 December 2001 (as amended) entered into between Smart Smith Limited and the Company.
- (113) A loan facility letter dated 2 June 2003 entered into between Tactwood Investments Limited as lender and the Company as borrower in respect of a loan facility of up to HK\$340,000,000.
- (114) A loan facility letter dated 2 June 2003 entered into between Tomon Limited as lender and the Company as borrower in respect of a loan facility of up to HK\$170,000,000 as amended by a supplemental loan facility letter dated 11 June 2003.

- (115) A lease agreement dated 3 June 2003 entered into between LTWJi as landlord and Redsail as tenant pursuant to which LTWJi agreed to lease from Redsail two seats in its customer service center in Beijing for a monthly rental payment of RMB11,600 so that LTWJi can provide customer services to its users of wireless IVR services. This agreement expired on 3 June 2004. LTWJi further entered into a supplemental lease agreement with Redsail on 9 September 2003 to lease 12 additional seats.
- (116) A deed of waiver dated 9 June 2003 entered into between Alpine, TOM Fashion and Extremes whereby She.com absolutely and irrevocably waives and renounces its rights of first refusal pursuant to Clause 10 of She.com Shareholders' Agreement.
- (117) A cooperation agreement dated 10 June 2003 entered into between Media Serv and Beijing Youth Daily Media Development Corporation Limited (北京青年報傳媒發展股份有限公司) ("Beijing Youth Daily") in relation to the appointment of Media Serv to organise and host an official ATP tennis tournament in Beijing each year from 2003 to 2012 ("Beijing Tennis Tournament Agreement").
- (118) A confirmation letter dated 13 June 2003 entered into between Smart Smith Limited as lender and the Company as borrower pursuant to which the parties confirmed that the Company has no further payment obligations owing to Smart Smith Limited under the facility letter dated 10 December 2001 in relation to a loan facility of up to HK\$340,000,000.
- (119) A sub-tenancy agreement dated 15 June 2003 entered into between TOM China as landlord and TOM International (Beijing Representative Office as tenant) in relation to the sub-lease of Room 908D, 9th Floor, Tower W3, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006.
- (120) A sub-tenancy agreement dated 15 June 2003 entered into between TOM China as sub-landlord and Beijing Guojiatong as sub-tenant in relation to the sub-lease of Room 902C, 9th Floor, Tower W3, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006.
- (121) A sub-tenancy agreement dated 15 June 2003 entered into between TOM China as landlord and TOM OMG (Beijing Representative Office) as tenant in relation to the sub-lease of Room 902B, 9th Floor, Tower W3, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006.
- (122) A tenancy agreement dated 16 June 2003 entered into between 北京經開科創科技孵化器有限公司 (Beijing Jing Kai Ke Chuang Technology Incubator Company Limited) as landlord and LTWJi as tenant, in relation to the lease of Room 422, Block A, No. 12 Hong Da North Road, Economic Developing Zone, Beijing, the PRC for a period of one year which expired on 16 June 2004.

- (123) A termination agreement to the shareholders' agreement dated 28 April 2000 and new shareholders' agreement dated 18 June 2003 entered into between AA Stocks International Limited ("AA Stocks"), All Asia Financial LLC ("All Asia"), TOM Stocks Limited ("TOM Stocks"), Westport Financial LLC ("Westport"), and MKT Holdings (Cayman Islands) Limited ("MKT"), EC.COM INC. ("EC.COM") and Mr. Moses Tsang Kwok Tai ("Mr. Tsang") relating to the sale and purchase of 252,641 shares in by TOM Stocks to EC.COM.
- (124) A share purchase agreement dated 18 June 2003 entered into between TOM Stocks as vendor, EC.COM as purchaser, Mr. Tsang, All Asia and AA Stocks relating to the sale and purchase of 252,641 shares in AA Stocks to EC.COM by TOM Stocks at a consideration of HK\$2,400,000.
- (125) A tenancy agreement dated 30 June 2003 entered into between 羊城晚報物業部 (Yang Cheng Evening News Property Department) as landlord and Yang Cheng Advertising as tenant in relation to the lease of Portion of Level 6, Printing Building, 733 Dongfengdong Road, Guangzhou, Guangdong Province, the PRC for a period of 21 months expiring on 31 March 2005.
- (126) A tenancy agreement dated 30 June 2003 entered into between 羊城晚報物業部 (Yang Cheng Evening News Property Department) as landlord and Yang Cheng Sports as tenant in relation to the lease of Portion of Level 6, Printing Building, 733 Dongfengdong Road, Guangzhou, Guangdong Province, the PRC for a period of 21 months expiring on 31 March 2005.
- (127) A tenancy agreement dated 1 July 2003 entered into between Mr. Chen Hui Ying as landlord and Bomei JV as tenant in relation to the lease of Unit Nos. C and D, Level 22, CITIC Huiyang Building, 59 Hubin North Road, Siming District, Xiamen, Fujian Province, the PRC for a period of one year expiring on 31 July 2004.
- (128) A share purchase agreement dated 2 July 2003 entered into between TBSAP as vendor, TOM TV as purchaser, Turner Broadcasting System, Inc. ("TBS") as vendor guarantor and the Company as purchaser guarantor relating to the sale and purchase of 64.07% of the issued share capital of CETV the consideration of which shall be satisfied by the issue and allotment of 21,250,000 shares, as amended by a supplemental agreement dated 28 August 2003 entered into between the same parties.
- (129) A deed of indemnity dated 2 July 2003 entered into between the Company and TBSAP relating to the proposed acquisition of 4,800 shares of CETV from Lark International Multimedia Limited.
- (130) A deed of indemnity dated 2 July 2003 entered into between the Company and TBSAP relating to the proposed acquisition of 1,200 shares of CETV from Mr. Chua Wah Peng, Robert.

- (131) A tenancy agreement dated 2 July 2003 entered into between Beijing Oriental as landlord and Beijing Super Channel as tenant in relation to the lease of the whole of 8th Floor, Tower W3, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006, as amended by a supplemental tenancy agreement dated 13 February 2004.
- (132) A tenancy agreement 2 July 2003 entered into between Beijing Oriental as landlord and TOM China as tenant in relation to the lease of Rooms 1-6, 9th Floor, Tower W3, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006, as amended by a supplemental tenancy agreement dated 13 February 2004.
- (133) A tenancy agreement 2 July 2003 entered into between Beijing Oriental as landlord and TOM China as tenant in relation to the lease of Rooms 7-8, 9th Floor, Tower W3, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006, as amended by a supplemental tenancy agreement dated 13 February 2004.
- (134) A service agreement dated 2 July 2003 entered into between HIL and TOM International relating to provision of administrative services and operation-related consultancy services to TOM International and its subsidiaries (from time to time) by HIL Group.
- (135) An information technology consultancy agreement dated 2 July 2003 entered into between HIL and TOM International relating to provision of information technology consultancy services to TOM International and its subsidiaries (from time to time) by HIL Group.
- (136) A services agreement dated 2 July 2003 between HIL and TOM International relating to provision of print and publishing services, advertising services, public relations and sports event management services and website development and maintenance services to HIL Group (from time to time) by TOM International and its subsidiaries.
- (137) A services agreement dated 2 July 2003 entered into between CKH and TOM International relating to provision of print and publishing services, advertising services, public relations and sports event management services and website development and maintenance services to CKH and its subsidiaries (from time to time) by TOM International and its subsidiaries.
- (138) A media services agreement dated 2 July 2003 entered into between HGC and TOM International relating to provision of telecommunications and internet related services to TOM International and its subsidiaries (from time to time) by HGC Group.
- (139) A media services agreement dated 2 July 2003 entered into between HTHK and TOM International relating to provision of telecommunications and internet related services to TOM International and its subsidiaries (from time to time) by HTHK Group.

- (140) A placing agreement dated 3 July 2003 entered into between Schumann, Citigroup Global Markets Limited and the Company, pursuant to which Citigroup Global Markets Limited will purchase or procure purchasers to acquire, and Schumann will sell in aggregate 450,000,000 existing shares of the Company at a price of HK\$2.30 per share.
- (141) A subscription agreement dated 3 July 2003 entered into between the Company as an issuer and Schumann as a subscriber, pursuant to which Schumann has conditionally agreed to subscribe for 450,000,000 new shares of the Company in total at HK\$2.30 per share.
- (142) A financing facility agreement dated 10 July 2003 entered into between (1) Cité, Business Weekly, PC Home and Sharp Point as the co-borrowers; (2) The Development Bank of Singapore Limited, Taipei Branch, Credit Lyonnais, Taipei Branch, United Overseas Bank Limited, Taipei Branch, Bank Sinopac, The Bank of Nova Scotia, Taipei Branch as the banks; (3) The Development Bank of Singapore Limited as the coordinating arranger and facility agent; and (4) Bank Sinopac as the fiscal agent pursuant to which the banks agreed to grant a facility in the amount of NT\$1,875,000,000 to the co-borrowers (“DBS Facility Agreement”).
- (143) A subordination agreement dated 10 July 2003 entered into between The Development Bank of Singapore Limited, Home Media and Cité Publishing Holding in relation to the DBS Facility Agreement.
- (144) An assignment dated 15 July 2003 entered into between Diamond Profits as assignor and Cité Publishing Holding as assignee pursuant to which Diamond Profits agreed to assign to Cité Publishing Holding all the rights and obligations under a promissory note issued by Cité in July 2003 in the amount of NT\$1,050,000,000.
- (145) An assignment dated 15 July 2003 entered into between Right Charm International Limited (“Right Charm”) as assignor and Cité Publishing Holding as assignee pursuant to which Right Charm agreed to assign to Cité Publishing Holding all the rights and obligations under a promissory note issued by Cité in July 2003 in the amount of NT\$270,000,000.
- (146) A share purchase agreement dated 15 July 2003 entered into between Diamond Profits as vendor and Cité as purchaser whereby Diamond Profits agreed to sell to Cité 169,120 shares in Business Weekly at a consideration of NT\$1,450,000,000.
- (147) A share purchase agreement dated 15 July 2003 entered into between Home Media as vendor and Cité as purchaser whereby Home Media agreed to sell to Cité 18,310,000 shares in PC Home at a consideration of NT\$1,770,000,000.
- (148) A share purchase agreement dated 15 July 2003 entered into between Right Charm as vendor and Cité as purchaser whereby Right Charm agreed to sell to Cité 10,296,000 shares in Sharp Point at a consideration of NT\$380,000,000.

- (149) A loan agreement dated 22 July 2003 entered into between TOM OMG as lender, Mr. Li and Dynamic Net Developments Limited (“Dynamic”) as borrower whereby TOM OMG agreed to lend a loan in the amount of HK\$6,000,000 to Mr. Li and Dynamic.
- (150) An equity pledge agreement dated 25 July 2003 entered into between Redsail Yuxiang as pledgor, Redsail and Beijing Lei Ting as pledgees in relation to the pledge of 1,260,068 shares of the Company by Redsail Yuxiang in favour of Beijing Lei Ting and Redsail.
- (151) An equity pledge agreement dated 25 July 2003 entered into between Sanjintaihe as pledgor, Redsail and Beijing Lei Ting as pledgees in relation to the pledge of the 282,872 shares of the Company by Sanjintaihe in favour of Beijing Lei Ting and Redsail.
- (152) An agreement dated 21 July 2003 entered into between Cité Publishing Holding, TOM Print Media, Mr. Pan Sy Zuan and Mr. Jan whereby Mr. Pan Sy Zuan agreed to (i) sell to Cité Publishing Holding all his shareholding in Home Media; (ii) subscribe for 0.78% of the enlarged issued share capital of Cité Publishing Holding; and (iii) sell one half of his shareholding in Cité Publishing Holding to TOM Print Media on substantially the same terms and conditions as those offered to the other minority shareholders of Home Media.
- (153) A customer service center lease agreement dated 30 July 2003 entered into between GreaTom and Redsail. Pursuant to this lease agreement, GreaTom agreed to lease from Redsail one seat in its customer service center in Beijing for the provision of certain services to customers of GreaTom for a term of one year from 15 August 2003 to 15 August 2004.
- (154) A content license agreement dated 6 August 2003 entered into ChinaPlus (Beijing) Company Limited (“ChinaPlus”) and GreaTom. Pursuant to this agreement, ChinaPlus granted a non-exclusive license to GreaTom for, inter alia, the use, broadcast, exhibit, transmission and downloading by website users of certain wireless contents through the Internet, wireless telecommunications equipment or other media for a term of one year from 6 August 2003 to 5 August 2004.
- (155) A tenancy agreement dated 14 August 2003 entered into between Beijing Oriental as landlord and LTWJi as tenant, in relation to the lease of the Rooms 7-8 of 5th Floor, Tower W3, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC for a period of 3 years expiring on 14 August 2006, as amended by a supplemental tenancy agreement dated 13 February 2004.
- (156) A supplemental agreement a stock purchase agreement dated 21 August 2003 entered into between Right Charm, Mr. Michael Huang, Sharp Point and the persons named in schedule 1 of the stock purchase agreement, which supplements a stock purchase agreement dated 21 November 2001 entered into between the same parties.

- (157) An equity transfer agreement dated 28 August 2003 entered into between Shenzhen Freenet as transferor and Ms. Wang and Mr. Sheng as transferees pursuant to which Shenzhen Freenet agreed to transfer its 40% and 30% equity interests in Yang Cheng Advertising to Ms. Wang and Mr. Sheng respectively.
- (158) An escrow letter dated 2 September 2003 relating to the appointment of Scotiatrust (Asia) Limited (“Scotiatrust”) as an escrow agent by Redsail Yuxiang, Redsail, Beijing Lei Ting and Ms. Zhao Xue Xing (趙學英) (“Ms. Zhao”) to hold the certificate for 1,260,068 ordinary shares of the Company.
- (159) An escrow letter dated 2 September 2003 relating to the appointment of Scotiatrust as an escrow agent by Sanjintaihe, Redsail, Beijing Lei Ting and Ms. Zhao to hold the certificate for 282,872 ordinary shares of the Company.
- (160) A shareholders’ agreement dated 15 September 2003 entered into between Mr. Jiang Ming, Tianming, TOM OMG, Tianming International, Fench Management and Tianming JV, pursuant to which certain terms set out in the Tianming Framework Agreement dated 13 March 2002 were amended.
- (161) A shareholders’ deed dated 15 September 2003 entered into between TOM TV, TBSAP, the Company, TBS and CETV under which, among other things, TOM TV will provide CETV with funding for working capital purposes of CETV as determined by the board of directors of CETV from time to time as amended by a supplemental deed dated 30 March 2004 entered into between the same parties.
- (162) An option deed dated 15 September 2003 entered into between TOM TV, TBSAP, the Company and TBS, pursuant to which TOM TV agreed to grant to TBSAP call options over all of the 19,222 ordinary shares of HK\$0.30 each in the capital of CETV held by TOM TV upon the terms and subject to the conditions set out in the deed as amended by a supplemental deed dated 30 March 2004 entered into between the same parties.
- (163) A program management agreement dated 15 September 2003 entered into between TBSAP, CETV and TOM TV, under which TBSAP will provide certain programming management services to CETV at such fee agreed by TBSAP and CETV.
- (164) An asset purchase agreement dated 15 September 2003 entered into between TBSAP and CETV, pursuant to which CETV will acquire from TBSAP certain office equipments (such as computers and printers) at a consideration of HK\$1 upon the terms and subject to the conditions set out in the agreement.
- (165) A tax deed dated 15 September 2003 entered into between TBSAP and CETV, pursuant to which TBSAP will indemnify CETV against certain tax liabilities (such as profits tax, stamp duty and estate duty) incurred by CETV from 31 May 2000 to 15 September 2003 and which are not disclosed in the audited accounts of CETV for the years ended 31 December 2001 and 31 December 2002, respectively.

- (166) A tenancy agreement dated 16 September 2003 entered into between 匯龍森國際企業孵化(北京)有限公司 (Hui Long Sen Enterprise Incubate (Beijing) Company Limited) as landlord and Puccini as tenant, in relation to the lease of Room B407-5, Level 4, Huilongsen International Enterprise Incubator Building, No. 14 Zhonghe Street, Economic and Developing Zone, Beijing, the PRC for a period of one year expiring on 30 September 2004.
- (167) A sub-tenancy agreement dated 19 September 2003 entered into between TOM China and the Beijing representative office of CETV in relation to the sub-lease of Room 903B of 9th Floor, Tower W3, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC expiring on 14 June 2006.
- (168) A restructuring agreement dated 20 September 2003 entered into between the Company, TOM Online and Rich Wealth Holdings Limited (“Rich Wealth”), pursuant to which the Company and Rich Wealth agreed to transfer to TOM Online their 100% interest in the issued share capital of Lahiji, Laurstinus and Advanced Internet, respectively.
- (169) A license agreement dated 21 September 2003 (as amended on the same date) entered into between Dragonfly GF Company Limited (“Dragonfly”) as licensor and Beijing Lei Ting as licensee, pursuant to which Dragonfly agreed to grant Beijing Lei Ting the license to market, sell, distribute and publish “KARMA ONLINE” program and related user documentation for use.
- (170) A loan agreement dated 21 September 2003 entered into between the Company as lender and Laurstinus as borrower whereby the Company advanced a loan in the amount of HK\$12,751,624 to Laurstinus.
- (171) A loan agreement dated 21 September 2003 entered into between the Company as lender and Lahiji as borrower whereby the Company advanced a loan in the amount of HK\$67,610,673 to Lahiji.
- (172) A loan agreement dated 21 September 2003 entered into between the Company as lender and Advanced Internet as a borrower whereby the Company advanced a loan in the amount of HK\$75,930,226 to Advanced Internet.
- (173) A novation agreement dated 21 September 2003 entered into between Shenzhen Freenet, the Company, Fench Star pursuant to which the parties agreed the novation of all rights, obligations and liabilities of Shenzhen Freenet to the Company under the advertising design agreement dated 26 February 2001 and the promotion agreement on internet market dated 8 March 2001 entered into between Shenzhen Freenet and Fench Star respectively at a consideration of HK\$1.
- (174) A novation agreement dated 21 September 2003 entered into between Beijing Super Channel, the Company and Fench Star pursuant to which the parties agreed the novation of all rights, obligations and liabilities of Beijing Super Channel to the

Company under several service contracts entered into between Beijing Super Channel and Fench Star on 2 January 2001, 2 February 2001, 5 February 2001, 10 February 2001 and 15 February 2001 respectively at a consideration of HK\$1.

- (175) A deed of novation dated 21 September 2003 entered into between Laurstinus as assignor, the Company as assignee and TOM International as creditor in relation to the assignment of a loan in the sum of HK\$18,020 from Laurstinus to the Company.
- (176) A deed of novation dated 21 September 2003 entered into between Advanced Internet as assignor, the Company as assignee and Commercelink as creditor in relation to the assignment of a loan in the sum of HK\$12,790,075 from Advanced Internet to the Company.
- (177) A deed of novation dated 21 September 2003 entered into between Lahiji as assignor, the Company as assignee and TOM International as creditor in relation to the assignment of a loan in the sum of HK\$15,453 from Lahiji to the Company.
- (178) A deed of novation dated 21 September 2003 entered into between GreaTom as assignor, Laurstinus as assignee and the Company as creditor in relation to the assignment of a loan in the sum of HK\$155,968 from GreaTom to Laurstinus.
- (179) A deed of novation dated 21 September 2003 entered into between GreaTom as assignor, the Company as assignee and Beijing Planet Network Travel Information Technology Limited as creditor in relation to the assignment of a loan in the sum of HK\$138,920 from GreaTom to the Company.
- (180) A deed of novation dated 21 September 2003 entered into between GreaTom as assignor, the Company as assignee and China Travel Network Company Limited (“China Travel Network”) as creditor in relation to the assignment of a loan in the sum of HK\$46,610 from GreaTom to the Company.
- (181) A deed of novation dated 21 September 2003 entered into between GreaTom as assignor, the Company as assignee and TOM International as creditor in relation to the assignment of a loan in the sum of HK\$1,654 from GreaTom to the Company.
- (182) A deed of novation dated 21 September 2003 entered into between GreaTom as assignor, the Company as assignee and ChinaPlus as debtor in relation to the assignment of a loan in the sum of HK\$6,051 from GreaTom to the Company.
- (183) A deed of novation dated 21 September 2003 entered into between GreaTom as assignor, the Company as assignee and TOM OMG as debtor in relation to the assignment of a loan in the sum of HK\$10,500 from GreaTom to the Company.
- (184) A deed of novation dated 21 September 2003 entered into between GreaTom as assignor, the Company as assignee and Yang Cheng Advertising as debtor in relation to the assignment of a loan in the sum of HK\$14,664 from GreaTom to the Company.

- (185) A deed of novation dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and 北京維港世紀諮詢投資有限公司 (Beijing Wei Gang Shiji Consultancy Investment Company Limited) as creditor in relation to the assignment of a loan in the sum of HK\$37,393 from Beijing Super Channel to the Company.
- (186) A deed of novation dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and Alexis Company Limited as creditor in relation to the assignment of a loan in the sum of HK\$234,000 from Beijing Super Channel to the Company.
- (187) A deed of novation dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and ECLink Shenzhen as creditor in relation to the assignment of a loan in the sum of HK\$1,707,104 from Beijing Super Channel to the Company.
- (188) A deed of novation dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and TOM International as creditor in relation to the assignment of a loan in the sum of HK\$64,506,779 from Beijing Super Channel to the Company.
- (189) A deed of novation dated 21 September 2003 entered into between Shanghai Super Channel as assignor, the Company as assignee and TOM OMG as creditor in relation to the assignment of a loan in the sum of HK\$52,194 from Shanghai Super Channel to the Company.
- (190) A deed of novation dated 21 September 2003 entered into between Beijing Super Channel as assignor, Laurstinus as assignee and the Company as creditor in relation to the assignment of a loan in the sum of HK\$48,927,432 from Beijing Super Channel to Laurstinus.
- (191) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and Shanghai Maya Cultural Transmission Company Limited as debtor in relation to the assignment of a loan in the sum of HK\$9,306,000 from Beijing Super Channel to the Company.
- (192) A deed of novation dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and ChinaCare as debtor in relation to the assignment of a loan in the sum of HK\$12,890 from Beijing Super Channel to the Company.
- (193) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and Beijing Oriental China Travel Agency Limited (“Oriental China Travel”) as debtor in relation to the assignment of a loan in the sum of HK\$1,998,117 from Beijing Super Channel to the Company.

- (194) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and Beijing TOM as debtor in relation to the assignment of a loan in the sum of HK\$4,587,909 from Beijing Super Channel to the Company.
- (195) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and Beijing Planet Network Travel Information Technology Limited as debtor in relation to the assignment of a loan in the sum of HK\$668,193 from Beijing Super Channel to the Company.
- (196) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and ChinaPlus as debtor in relation to the assignment of a loan in the sum of HK\$28,949 from Beijing Super Channel to the Company.
- (197) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and China Travel Network as debtor in relation to the assignment of a loan in the sum of HK\$1,584,090 from Beijing Super Channel to the Company.
- (198) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and Fench Star as debtor in relation to the assignment of a loan in the sum of HK\$3,684,655 from Beijing Super Channel to the Company.
- (199) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and Shanghai Maya Online as debtor in relation to the assignment of a loan in the sum of HK\$5,085,095 from Beijing Super Channel to the Company.
- (200) A deed of assignment dated 21 September 2003 entered into between Beijing Super Channel as assignor, the Company as assignee and Sharkwave Information Technology (Beijing) Company Limited as debtor in relation to the assignment of a loan in the sum of HK\$1,140,892 from Beijing Super Channel to the Company.
- (201) A deed of novation dated 21 September 2003 entered into between Beijing Lei Ting as assignor, the Company as assignee and Beijing TOM as debtor in relation to the assignment of a loan in the sum of HK\$486,762 from Beijing Lei Ting to the Company.
- (202) A deed of novation dated 21 September 2003 entered into between Beijing Lei Ting as assignor, the Company as assignee and Sharkwave Information Technology (Beijing) Company Limited as creditor in relation to the assignment of a loan in the sum of HK\$2,765 from Beijing Lei Ting to the Company.

- (203) A deed of novation dated 21 September 2003 entered into between Beijing Lei Ting as assignor, the Company as assignee and TOM International as creditor in relation to the assignment of a loan in the sum of HK\$1,631,911 from Beijing Lei Ting to the Company.
- (204) A deed of assignment dated 21 September 2003 entered into between Beijing Lei Ting as assignor, Lahiji as the assignee and the Company as debtor in relation to the assignment of a loan in the sum of HK\$6,047,273 from Beijing Lei Ting to Lahiji.
- (205) A deed of assignment dated 21 September 2003 entered into between Beijing Lei Ting as assignor, the Company as assignee and Oriental China Travel as debtor in relation to the assignment of a loan in the sum of HK\$2,210,142 from Beijing Lei Ting to the Company.
- (206) A deed of assignment dated 21 September 2003 entered into between Beijing Lei Ting as assignor, the Company as assignee and China Travel Network as debtor in relation to the assignment of a loan in the sum of HK\$831,802 from Beijing Lei Ting to the Company.
- (207) A deed of assignment dated 21 September 2003 entered into between Beijing Lei Ting as assignor, the Company as assignee and ECLink Shenzhen as debtor in relation to the assignment of a loan in the sum of HK\$19,522 from Beijing Lei Ting to the Company.
- (208) A deed of assignment dated 21 September 2003 entered into between Beijing Lei Ting as assignor, the Company as assignee and Shenzhen Freenet as debtor in relation to the assignment of a loan in the sum of HK\$129,438 from Beijing Lei Ting to the Company.
- (209) A deed of assignment dated 21 September 2003 entered into between Beijing Lei Ting as assignor, the Company as assignee and TOM OMG as debtor in relation to the assignment of a loan in the sum of HK\$259,006 from Beijing Lei Ting to the Company.
- (210) A deed of assignment dated 21 September 2003 entered into between Shanghai Super Channel as assignor, Lauristinus as assignee and the Company as debtor in relation to the assignment of a loan in the sum of HK\$3,505,909 from Shanghai Super Channel to the Company.
- (211) A deed of novation dated 21 September 2003 entered into between Shenzhen Freenet as assignor, Advanced Internet as assignee and the Company as creditor in relation to the assignment of a loan in the sum of HK\$10,508,116 from Shenzhen Freenet to Advanced Internet

- (212) A deed of novation dated 21 September 2003 entered into between Shenzhen Freenet as assignor, the Company as assignee and ECLink Shenzhen as creditor in relation to the assignment of a loan in the sum of HK\$4,723,086 from Shenzhen Freenet to the Company.
- (213) A deed of novation dated 21 September 2003 entered into between Shenzhen Freenet as assignor, the Company as assignee and TOM International as creditor in relation to the assignment of a loan in the sum of HK\$562,917 from Shenzhen Freenet to the Company.
- (214) A deed of assignment dated 21 September 2003 entered into between Shenzhen Freenet as assignor, the Company as assignee and Shanghai Maya Cultural Transmission Company Limited as debtor in relation to the assignment of a loan in the sum of HK\$1,314,910 from Shenzhen Freenet to the Company.
- (215) A deed of assignment dated 21 September 2003 entered into between Shenzhen Freenet as assignor, the Company as assignee and Shenzhen Freenet Advertising as debtor in relation to the assignment of a loan in the sum of HK\$3,478,000 from Shenzhen Freenet to the Company.
- (216) A deed of assignment dated 21 September 2003 entered into between Shenzhen Freenet as assignor, the Company as assignee and Shenzhen Freenet Advertising as debtor in relation to the assignment of a loan in the sum of HK\$173,458.12 from Shenzhen Freenet to the Company.
- (217) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, Laurstinus as assignee and the Company as the debtor in relation to the assignment of a loan in the sum of HK\$88,223,879 from TOM China to Laurstinus.
- (218) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Hong Xiang Productions as the debtor in relation to the assignment of a loan in the sum of HK\$141,687 from TOM China to the Company.
- (219) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Beijing TOM as the debtor in relation to the assignment of a loan in the sum of HK\$42,127 from TOM China to the Company.
- (220) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and China Travel Network as the debtor in relation to the assignment of a loan in the sum of HK\$19,706 from TOM China to the Company.
- (221) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and ChinaPlus as the debtor in relation to the assignment of a loan in the sum of HK\$156,092 from TOM China to the Company.

- (222) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and CNPIT TOM Culture as the debtor in relation to the assignment of a loan in the sum of HK\$7,261 from TOM China to the Company.
- (223) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and ECLink Shenzhen as the debtor in relation to the assignment of a loan in the sum of HK\$1,263 from TOM China to the Company.
- (224) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Cernet as the debtor in relation to the assignment of a loan in the sum of HK\$708,102 from TOM China to the Company.
- (225) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Seeout JV as the debtor in relation to the assignment of a loan in the sum of HK\$33,840 from TOM China to the Company.
- (226) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Tianyu Tenglong Advertising as the debtor in relation to the assignment of a loan in the sum of HK\$230,095 from TOM China to the Company.
- (227) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Tianming JV as the debtor in relation to the assignment of a loan in the sum of HK\$52,931 from TOM China to the Company.
- (228) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and New Star JV as the debtor in relation to the assignment of a loan in the sum of HK\$34,839 from TOM China to the Company.
- (229) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Chunyu JV as the debtor in relation to the assignment of a loan in the sum of HK\$20,651 from TOM China to the Company.
- (230) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Qilu JV as the debtor in relation to the assignment of a loan in the sum of HK\$22,560 from TOM China to the Company.
- (231) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Sano JV as the debtor in relation to the assignment of a loan in the sum of HK\$45,120 from TOM China to the Company.
- (232) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Southwest JV as the debtor in relation to the assignment of a loan in the sum of HK\$42,300 from TOM China to the Company.

- (233) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and TOM International as the debtor in relation to the assignment of a loan in the sum of HK\$11,191,740 from TOM China to the Company.
- (234) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and TOM OMG as debtor in relation to the assignment of a loan in the sum of HK\$2,267,567 from TOM China to the Company.
- (235) A deed of assignment dated 21 September 2003 entered into between TOM China as assignor, the Company as assignee and Bomei JV as the debtor in relation to the assignment of a loan in the sum of HK\$16,920 from TOM China to the Company.
- (236) A tenancy agreement dated 23 September 2003 entered into between Mr. Yan Zheng Yong (顏正勇) and the Chengdu branch of Beijing Lei Ting in relation to the lease of Room 908 and 910, Level 9, Block C, Chengdu International Business Centre, 1 Tianxianqiao South Road, Chengdu, Sichuan Province, the PRC for a period of one year expiring on 23 September 2004.
- (237) A content provision agreement dated 24 September 2003 entered into between ChinaCare and LTWJi in relation to the provision by ChinaCare of medical information content and related maintenance service to LTWJi for a term of one year from 1 August 2003 to 31 July 2004.
- (238) A novation agreement dated 25 September 2003 entered into between Ms. Wang, Mr. Wang, Devine Gem and Puccini, under which, Ms. Wang, Mr. Wang and Devine Gem agreed the novation of all rights, obligations and liabilities from Devine Gem to Puccini at nil consideration as set out in the (i) exclusive option agreement dated 25 July 2002 entered into between Ms. Wang, Mr. Wang, Devine Gem and LTWJi; and (ii) equity pledge agreement dated 25 July 2002 entered into between Ms. Wang, Mr. Wang and Devine Gem.
- (239) A novation agreement dated 25 September 2003 entered into between Mr. Wang, Ms. Wang, Devine Gem, and Puccini, under which, all parties agreed the novation of all rights, obligations and liabilities from Devine Gem to Puccini as set out in the loan agreement dated 25 July 2002 entered into between Ms. Wang, Mr. Wang and Devine Gem.
- (240) An investment attorney agreement dated 25 September 2003 entered into between Puccini, Mr. Wang and Ms. Wang, pursuant to which all parties acknowledged the provision of RMB400,000 and RMB100,000 to Mr. Wang and Ms. Wang respectively by Puccini to invest in LTWJi as registered capital.

- (241) An equity transfer agreement dated 25 September 2003 entered into between Great Wall Computer as transferor, TOM China, Great Wall Technology and Shenzhen Freenet as transferee, pursuant to which Great Wall Computer agreed to transfer its 20% equity interest in GreaTom to Shenzhen Freenet for a consideration of RMB3,380,000.
- (242) A supplemental agreement dated 25 September 2003 entered into between TOM China, Great Wall Technology and Shenzhen Freenet, which supplements the agreement dated 2 January 2001 entered into between TOM China, Great Wall Computer and Great Wall Technology in relation to the establishment of GreaTom.
- (243) A sale and purchase agreement dated 25 September 2003 entered into between Cranwood as vendor, Bright Horizon as purchaser, the Company as guarantor and TOM Online as a guarantor with respect to the sale and purchase of the entire issued share capital of Puccini, which provides wireless IVR services in China through LTWJi, as amended by a supplemental agreement dated 29 October 2003 entered into between Cranwood, Bright Horizon, the Company, TOM Online and Ms. Chau Hoi Shuen.
- (244) A termination agreement dated 26 September 2003 entered into between Beijing Super Channel and Beijing Lei Ting in relation to the termination of the agreement for development and provision of network content dated 12 June 2001.
- (245) A termination agreement dated 26 September 2003 entered into between Beijing Super Channel and Shenzhen Freenet in relation to the termination of the agreement for development and provision of network content dated 29 December 2000.
- (246) A termination agreement dated 26 September 2003 entered into between TOM Enterprises and Beijing Lei Ting in relation to the termination of the domain names license agreement dated 30 April 2001.
- (247) A supplemental loan agreement dated 26 September 2003 entered into between Lahiji as lender and Ms. Wang as borrower whereby Lahiji agreed to provide Ms. Wang a long term loan in the amount of RMB8,800,000 to be invested exclusively in Beijing Lei Ting, which supplements the loan agreement dated 8 August 2002 entered into between the same parties.
- (248) A supplemental loan agreement dated 26 September 2003 entered into between Advanced Internet as lender and Ms. Wang as borrower whereby Advanced Internet agreed to provide Ms. Wang a long term loan in the amount of RMB70,722,947 to be invested exclusively in Shenzhen Freenet, which supplements the loan agreement dated 25 November 2002 entered into between the same parties.
- (249) A loan agreement dated 26 September 2003 entered into between Advanced Internet as lender and Mr. Sheng as borrower whereby Advanced Internet agreed to provide Mr. Sheng a loan in the amount of RMB6,900,000 to be invested exclusively in Shenzhen Freenet.

- (250) A supplemental loan agreement dated 26 September 2003 entered into between Advanced Internet as lender and Ms. Wang as borrower which is supplemental to the loan agreement dated 25 November 2002 entered into between the same parties whereby Advanced Internet granted a loan in the amount of RMB16,100,000 to Ms. Wang.
- (251) A supplemental equity pledge agreement dated 26 September 2003 entered into between Beijing Super Channel as pledgee and Ms. Wang as pledgor relating to the novation of all rights, obligations and liabilities from Lahiji to Beijing Super Channel, pursuant to the share pledge agreement dated 8 August 2002 entered into between Ms. Wang and Lahiji. Pursuant to the supplemental share pledge agreement, Ms. Wang pledges to Beijing Super Channel her 80% equity interest in Beijing Lei Ting to guarantee the performance by Beijing Lei Ting of its obligations under the exclusive technical and consultancy services agreement between Beijing Lei Ting and Beijing Super Channel. The term of the agreement is 10 year, which may be extended with the written consent of Beijing Super Channel prior to the expiry of such 10 year term.
- (252) An equity pledge agreement dated 26 September 2003 entered into between Beijing Super Channel as pledgee and Mr. Wang as pledgor, pursuant to which Mr. Wang pledges to Beijing Super Channel his 20% equity interest in Beijing Lei Ting to guarantee the performance by Beijing Lei Ting of its obligations under the exclusive technical and consultancy services agreement between Beijing Lei Ting and Beijing Super Channel. The term of the agreement is 10 year, which may be extended with the written consent of Beijing Super Channel prior to the expiry of such 10 year term.
- (253) An equity pledge agreement dated 26 September 2003 entered into between Beijing Super Channel as pledgee and Mr. Sheng as pledgor, pursuant to which Mr. Sheng pledged to Beijing Super Channel his 30% equity interest in Shenzhen Freenet to guarantee the performance by Shenzhen Freenet of its obligations under the exclusive technical and consultancy services agreement between Shenzhen Freenet and Beijing Super Channel. The term of the agreement is from the date of the registration of this pledge with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Beijing Super Channel and Shenzhen Freenet.
- (254) An equity pledge agreement dated 26 September 2003 entered into between Beijing Super Channel as pledgee and Ms. Wang as pledgor, pursuant to which Ms. Wang pledged to Beijing Super Channel her 70% equity interest in Shenzhen Freenet to guarantee the performance by Shenzhen Freenet of its obligations under the exclusive technical and consultancy services agreement between Shenzhen Freenet and Beijing Super Channel. The term of the agreement is from the date of the registration of this pledge with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Beijing Super Channel and Shenzhen Freenet.

- (255) An exclusive option agreement dated 26 September 2003 entered into between Ms. Wang, Lahiji and Beijing Lei Ting, pursuant to which Ms. Wang granted Lahiji an exclusive option to purchase her 80% equity interest in Beijing Lei Ting when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution.
- (256) An exclusive option agreement dated 26 September 2003 entered into between Mr. Wang, Lahiji and Beijing Lei Ting, pursuant to which Mr. Wang granted Lahiji an exclusive option to purchase his 20% equity interest in Beijing Lei Ting when permitted by PRC law at the exercise price of RMB900,000. The term of this agreement is 10 years from the date of execution.
- (257) An exclusive option agreement dated 26 September 2003 entered into between Ms. Wang, Advanced Internet and Shenzhen Freenet, pursuant to which Ms. Wang granted Advanced Internet an exclusive option to purchase her 70% equity interest in Shenzhen Freenet when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution with an option to extend for a further 10 years.
- (258) An exclusive option agreement dated 26 September 2003 entered into between Mr. Sheng, Advanced Internet and Shenzhen Freenet, pursuant to which Mr. Sheng granted Advanced Internet an exclusive option to purchase his 30% equity interest in Shenzhen Freenet when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Sheng. The term of this agreement is 10 years from the date of execution with an option to extend for a further 10 years.
- (259) A business operation agreement dated 26 September 2003 entered into between Beijing Super Channel, Beijing Lei Ting, Ms. Wang and Mr. Wang, pursuant to which Beijing Super Channel agreed to act as a performance guarantor for Beijing Lei Ting in respect of its transactions with third parties. In return, Beijing Lei Ting granted Beijing Super Channel a security interest over all of its assets. In addition, Beijing Lei Ting and all of its shareholders agreed that Beijing Lei Ting will not carry on any transactions that may materially adversely affect its operations and will appoint Beijing Super Channel's nominees as its directors, chief executive officers and other senior officers. The term of this agreement is 10 years from the date of execution.
- (260) A business operation agreement dated 26 September 2003 entered into between Beijing Super Channel, Shenzhen Freenet, Ms. Wang and Mr. Sheng, pursuant to which Beijing Super Channel agreed to act as a performance guarantor for Shenzhen Freenet in respect of its transactions with third parties. In return, Shenzhen Freenet granted Beijing Super Channel a security interest over all of its assets. In addition, Shenzhen Freenet and all of its shareholders agreed that Shenzhen Freenet will not carry on any transactions that may materially adversely affect its operations and will appoint Beijing Super Channel's nominees as its directors, chief executive officers and other senior officers. The term of this agreement is 10 years from the date of execution.

- (261) A novation agreement dated 26 September 2003 entered into between Advanced Internet, Ms. Wang and Mr. Sheng, pursuant to which Mr. Sheng assumes all of the rights and obligations of Ms. Wang with respect to certain loans borrowed by Ms. Wang.
- (262) An equity transfer agreement dated 26 September 2003 entered into between Beijing Lei Ting and Mr. Wang Ting Ting, pursuant to which Beijing Lei Ting agreed to transfer its 20% equity interest in Oriental China Travel to Mr. Wang Ting Ting.
- (263) An equity transfer agreement dated 26 September 2003 entered into between Beijing Lei Ting, Shenzhen Freenet, Ms. Wang, Mr. Sheng, Mr. Wang Ting Ting, pursuant to which (i) Shenzhen Freenet agreed to transfer its 40% equity interest in Redsail to Ms. Wang; and (ii) Beijing Lei Ting agreed to transfer its 40% equity interest in Redsail to Mr. Sheng and 20% equity interest in Redsail to Mr. Wang Ting Ting respectively.
- (264) An equity transfer agreement dated 26 September 2003 entered into between Mr. Wang and Mr. Wang Ting Ting, pursuant to which Mr. Wang agreed to transfer his 20% equity interest in Beijing TOM to Mr. Wang Ting Ting.
- (265) An equity transfer agreement dated 26 September 2003 entered into between Ms. Wang and Mr. Sheng, pursuant to which Ms. Wang agreed to transfer her 40% equity interest in Beijing TOM to Mr. Sheng.
- (266) A loan agreement dated 26 September 2003 entered into between TOM Outdoor as lender and Ms. Wang as borrower whereby TOM Outdoor agreed to grant a loan in the amount of RMB400,000 to Ms. Wang to invest in Beijing TOM as its registered capital.
- (267) A loan agreement dated 26 September 2003 entered into between TOM Outdoor as lender and Mr. Sheng as borrower whereby TOM Outdoor agreed to grant a loan in the amount of RMB400,000 to Mr. Sheng to invest in Beijing TOM as its registered capital.
- (268) A loan agreement dated 26 September 2003 entered into between TOM Outdoor as lender and Mr. Wang Ting Ting as borrower whereby TOM Outdoor agreed to grant a loan in the amount of RMB200,000 to Mr. Wang Ting Ting to invest in Beijing TOM as its registered capital.
- (269) An exclusive option agreement dated 26 September 2003 entered into between TOM Outdoor, Beijing TOM and Ms. Wang, pursuant to which Ms. Wang granted TOM Outdoor an exclusive option to purchase her 40% equity interest in Beijing TOM when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution with an option to extend a further 10 years.

- (270) An exclusive option agreement dated 26 September 2003 entered into between TOM Outdoor, Beijing TOM and Mr. Sheng, pursuant to which Mr. Sheng granted TOM Outdoor an exclusive option to purchase his 40% equity interest in Beijing TOM when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Sheng. The term of this agreement is 10 years from the date of execution an option to extend a further 10 years.
- (271) An exclusive option agreement dated 26 September 2003 entered into between TOM Outdoor, Beijing TOM and Mr. Wang Ting Ting, pursuant to which Mr. Wang Ting Ting granted TOM Outdoor an exclusive option to purchase his 20% equity interest in Beijing TOM when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Wang Ting Ting. The term of this agreement is 10 years from the date of execution an option to extend a further 10 years.
- (272) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Beijing TOM, pursuant to which ECLink Shenzhen agreed to provide technical consultancy and services exclusively for Beijing TOM during the term of the agreement. This agreement was terminated by a termination agreement dated 2 June 2004 entered into between the same parties.
- (273) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge her 40% equity interest in Beijing TOM to ECLink Shenzhen, as amended by a supplemental equity pledge agreement dated 2 June 2004 entered into between Ms. Wang, ECLink Shenzhen and Fench Media.
- (274) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Wang Ting Ting as pledgor whereby Mr. Wang Ting Ting agreed to pledge his 20% equity interest in Beijing TOM to ECLink Shenzhen, as amended by a supplemental equity pledge agreement dated 2 June 2004 entered into between Mr. Wang, ECLink Shenzhen and Fench Media.
- (275) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Sheng as pledgor whereby Mr. Sheng agreed to pledge his 40% equity interest in Beijing TOM to ECLink Shenzhen, as amended by a supplemental equity pledge agreement dated 2 June 2004 entered into between Mr. Sheng, ECLink Shenzhen and Fench Media.
- (276) A business operation agreement dated 26 September 2003 entered into between ECLink Shenzhen, Beijing TOM, Ms. Wang, Mr. Sheng and Mr. Wang Ting Ting, pursuant to which ECLink Shenzhen agreed to act as a performance guarantor for Beijing TOM in respect of its transactions with third parties. In return, Beijing TOM granted ECLink Shenzhen a security interest over all of its assets. In addition, Beijing TOM and all of its shareholders agreed that Beijing TOM will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees

as its directors, chief executive officer and other senior officers. The term of this agreement is ten years from the date of execution. This agreement was terminated by a termination agreement dated 2 June 2004 entered into between the same parties.

- (277) An administrative services agreement dated 26 September 2003 entered into between TOM International and TOM Online, pursuant to which TOM International will provide or will use reasonable endeavours to procure the TOM Group to provide TOM Online certain (i) administrative services, including legal, advisory and supporting services, and other services of nature similar to such services as may be agreed between the relevant parties from time to time and (ii) operation-related consultancy services, including information technology consultancy and supporting services and certain business development support services.

- (278) A media services agreement dated 26 September 2003 entered into between TOM International and TOM Online, pursuant to which TOM International agreed to provide, or will use reasonable endeavors to procure the TOM Group to provide, certain media services on a non-exclusive basis to TOM Online.

- (279) An online media services agreement dated 26 September 2003 entered into between TOM International and TOM Online, pursuant to which TOM Online and its subsidiaries agreed to provide certain online services on a non-exclusive basis to the TOM Group.

- (280) A wireless IVR services agreement dated 8 October 2003 entered into between LTWJi and Beijing Mobile. Pursuant to this agreement, LTWJi agreed to provide wireless IVR services to the mobile phone users of Beijing Mobile. This agreement will expire in November 2004.

- (281) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between Beijing Super Channel and Shenzhen Freenet, pursuant to which Shenzhen Freenet agreed to engage Beijing Super Channel exclusively for certain technical and consultancy services. The term of this agreement is 10 years from the date of execution.

- (282) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between Beijing Super Channel and Beijing Lei Ting, pursuant to which Beijing Lei Ting agreed to engage Beijing Super Channel exclusively for certain technical and consultancy services. The term of this agreement is 10 years from the date of execution.

- (283) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between GreaTom and Shenzhen Freenet, pursuant to which Shenzhen Freenet agreed to engage GreaTom exclusively (other than Beijing Super Channel) for certain technical and consultancy services. The term of this agreement is 10 years from the date of execution.

- (284) A termination agreement dated 26 September 2003 entered into between Lahiji and Mr. Wang, with respect to the termination of the share pledge agreement dated 8 August 2002 entered into between the same parties.
- (285) A termination agreement dated 26 September 2003 entered into between Lahiji, Mr. Wang and Ms. Wang in relation to the termination of the exclusive option agreement dated 8 August 2002 entered into between the same parties.
- (286) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Beijing TOM, pursuant to which ECLink Shenzhen agreed to provide technical consultancy and services exclusively for Beijing TOM during the term of the agreement.
- (287) A business operation agreement dated 26 September 2003 entered into between ECLink Shenzhen, Beijing TOM, Mr. Wang Ting Ting, Mr. Sheng and Ms. Wang, pursuant to which ECLink Shenzhen agreed to act as a performance guarantor for Beijing TOM in respect of its transactions with third parties. In return, Beijing TOM granted ECLink Shenzhen a security interest over all of its assets. In addition, Beijing TOM and all of its shareholders agreed that Beijing TOM will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officer and other senior officers. The term of this agreement is 10 years from the date of execution.
- (288) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Wang Ting Ting as borrower whereby TOM International agreed to grant a loan in the amount of RMB100,000 to Mr. Wang Ting Ting to invest in Oriental China Travel as its registered capital.
- (289) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Oriental China Travel and Mr. Wang Ting Ting, pursuant to which Mr. Wang Ting Ting granted TOM International an exclusive option to purchase his 20% equity interest in Oriental China Travel when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Wang Ting Ting. The term of this agreement is 10 years from the date of execution.
- (290) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Oriental China Travel, pursuant to which ECLink Shenzhen agreed to provide technical consultancy and services exclusively for Oriental China Travel during the term of the agreement.
- (291) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Wang Ting Ting as pledgor whereby Mr. Wang Ting Ting agreed to pledge his 20% equity interest in Oriental China Travel to ECLink Shenzhen.

- (292) A business operation agreement dated 26 September 2003 entered into between ECLink Shenzhen, Oriental China Travel and Mr. Wang Ting Ting, pursuant to which ECLink Shenzhen agreed to act as a performance guarantor for Oriental China Travel in respect of its transactions with third parties. In return, Oriental China Travel granted ECLink Shenzhen a security interest over all of its assets. In addition, Oriental China Travel and all of its shareholders agreed that Oriental China Travel will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officer and other senior officers. The term of this agreement is ten years from the date of execution.
- (293) An equity transfer agreement dated 26 September 2003 entered into between Beijing Lei Ting and Ms. Wang, pursuant to which Beijing Lei Ting agreed to transfer its 40% equity interest in China Travel Network to Ms. Wang.
- (294) An equity transfer agreement dated 26 September 2003 entered into between Beijing Lei Ting and Mr. Sheng, pursuant to which Beijing Lei Ting agreed to transfer its 40% equity interest in China Travel Network to Mr. Sheng.
- (295) An equity transfer agreement dated 26 September 2003 entered into between Beijing TOM and Mr. Wang Ting Ting, pursuant to which Beijing TOM agreed to transfer its 20% equity interest in China Travel Network to Mr. Wang Ting Ting.
- (296) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Ms. Wang as borrower whereby TOM International agreed to grant a loan in the amount of RMB4,000,000 to Ms. Wang to invest in China Travel Network as its registered capital.
- (297) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Sheng as borrower whereby TOM International agreed to grant a loan in the amount of RMB4,000,000 to Mr. Sheng to invest in China Travel Network as its registered capital.
- (298) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Wang Ting Ting as borrower whereby TOM International agreed to grant a loan in the amount of RMB2,000,000 to Mr. Wang Ting Ting to invest in China Travel Network as its registered capital.
- (299) An exclusive option agreement dated 26 September 2003 entered into between TOM International, China Travel Network and Ms. Wang, pursuant to which Ms. Wang granted TOM International an exclusive option to purchase all of her interest in China Travel Network when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution.
- (300) An exclusive option agreement dated 26 September 2003 entered into between TOM International, China Travel Network and Mr. Sheng, pursuant to which Mr. Sheng granted TOM International an exclusive option to purchase all of his interest in China

Travel Network when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Sheng. The term of this agreement is 10 years from the date of execution.

- (301) An exclusive option agreement dated 26 September 2003 entered into between TOM International, China Travel Network and Mr. Wang Ting Ting, pursuant to which Mr. Wang Ting Ting granted TOM International an exclusive option to purchase all of his interest in China Travel Network when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Wang Ting Ting. The term of this agreement is 10 years from the date of execution.
- (302) An exclusive technical and consultancy and services agreement dated 26 September 2003 entered into between ECLink Shenzhen and China Travel Network, pursuant to which ECLink Shenzhen agreed to provide technical consultancy and services exclusively for China Travel Network during the term of the agreement.
- (303) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge her entire equity interest in China Travel Network to ECLink Shenzhen.
- (304) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Sheng as pledgor whereby Mr. Sheng agreed to pledge his entire equity interest in China Travel Network to ECLink Shenzhen.
- (305) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Wang Ting Ting as pledgor whereby Mr. Wang Ting Ting agreed to pledge his entire equity interest in China Travel Network to ECLink Shenzhen.
- (306) A business operation agreement dated 26 September 2003 entered into between ECLink Shenzhen, China Travel Network, Ms. Wang, Mr. Sheng and Mr. Wang Ting Ting, pursuant to which ECLink Shenzhen agreed to act as a performance guarantor for China Travel Network in respect of its transactions with third parties. In return, China Travel Network granted ECLink Shenzhen a security interest over all of its assets. In addition, China Travel Network and all of its shareholders agreed that China Travel Network will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officer and other senior officers. The term of this agreement is 10 years from the date of execution.
- (307) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Sheng as borrower whereby TOM International agreed to grant a loan in the amount of RMB18,530,000 to Mr. Sheng to invest in Redsail as its registered capital.

- (308) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Wang Ting Ting as borrower whereby TOM International agreed to grant a loan in the amount of RMB200,000 to Mr. Wang Ting Ting to invest in Redsail as its registered capital.
- (309) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Ms. Wang as borrower whereby TOM International agreed to grant a loan in the amount of RMB35,000,000 to Ms. Wang to invest in Redsail as its registered capital.
- (310) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Redsail and Mr. Sheng, pursuant to which Mr. Sheng granted TOM International an exclusive option to purchase his 40% equity interest in Redsail when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Sheng. The term of this agreement is 10 years from the date of execution.
- (311) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Redsail and Mr. Wang Ting Ting, pursuant to which Mr. Wang Ting Ting granted TOM International an exclusive option to purchase his 20% equity interest in Redsail when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Wang Ting Ting. The term of this agreement is 10 years from the date of execution.
- (312) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Redsail and Ms. Wang, pursuant to which Ms. Wang granted TOM International an exclusive option to purchase her 40% equity interest in Redsail when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution.
- (313) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Redsail, pursuant to which ECLink Shenzhen agreed to provide technical consultancy and services exclusively for Redsail during the term of the agreement.
- (314) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Sheng as pledgor whereby Mr. Sheng agreed to pledge his 40% equity interest in Redsail to ECLink Shenzhen.
- (315) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Wang Ting Ting as pledgor whereby Mr. Wang Ting Ting agreed to pledge his 20% equity interest in Redsail to ECLink Shenzhen.
- (316) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen and Ms. Wang whereby Ms. Wang agreed to pledge her entire 40% interest in Redsail to ECLink Shenzhen.

- (317) A business operation agreement dated 26 September 2003 entered into between ECLink Shenzhen, Redsail, Mr. Sheng, Mr. Wang Ting Ting and Ms. Wang, pursuant to which ECLink Shenzhen agreed to act as a performance guarantor for Redsail in respect of its transactions with third parties. In return, Redsail granted ECLink Shenzhen a security interest over all of its assets. In addition, Redsail and all of its shareholders agreed that Redsail will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officer and other senior officers. The term of this agreement is 10 years from the date of execution.
- (318) An equity transfer agreement dated 26 September 2003 entered into between Shenzhen Freenet and Ms. Wang, pursuant to which Shenzhen Freenet agreed to transfer its 40% equity interest in Shenzhen New ECLink to Ms. Wang.
- (319) An equity transfer agreement dated 26 September 2003 entered into between Shenzhen Freenet and Mr. Sheng, pursuant to which Shenzhen Freenet agreed to transfer its 40% equity interest in Shenzhen New ECLink to Mr. Sheng.
- (320) An equity transfer agreement dated 26 September 2003 entered into between Shenzhen Freenet and Mr. Wang Ting Ting, pursuant to which Shenzhen Freenet agreed to transfer its 10% equity interest in Shenzhen New ECLink to Mr. Wang Ting Ting.
- (321) An equity transfer agreement dated 26 September 2003 entered into between Mr. Wang and Mr. Wang Ting Ting, pursuant to which Mr. Wang agreed to transfer his 10% equity interest in Shenzhen New ECLink to Mr. Wang Ting Ting.
- (322) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Ms. Wang as borrower whereby TOM International agreed to grant a loan in the amount of RMB400,000 to Ms. Wang to invest in Shenzhen New ECLink as its registered capital.
- (323) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Sheng as borrower whereby TOM International agreed to grant a loan in the amount of RMB400,000 to Mr. Sheng to invest in Shenzhen New ECLink as its registered capital.
- (324) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Wang Ting Ting as borrower whereby TOM International agreed to grant a loan in the amount of RMB200,000 to Mr. Wang Ting Ting to invest in Shenzhen New ECLink as its registered capital.
- (325) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Shenzhen New ECLink and Ms. Wang, pursuant to which Ms. Wang granted TOM International an exclusive option to purchase her 40% equity interest in Shenzhen New ECLink when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution.

- (326) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Shenzhen New ECLink and Mr. Sheng, pursuant to which Mr. Sheng granted TOM International an exclusive option to purchase his 40% equity interest in Shenzhen New ECLink when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Sheng. The term of this agreement is 10 years from the date of execution.
- (327) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Shenzhen New ECLink and Mr. Wang Ting Ting, pursuant to which Mr. Wang Ting Ting granted TOM International an exclusive option to purchase his 20% equity interest in Shenzhen New ECLink when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Wang Ting Ting. The term of this agreement is 10 years from the date of execution.
- (328) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Shenzhen New ECLink, pursuant to which ECLink Shenzhen agreed to provide technical consultancy and services exclusively for Shenzhen New ECLink during the term of the agreement.
- (329) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge her 40% equity interest in Shenzhen New ECLink to ECLink Shenzhen.
- (330) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Sheng as pledgor whereby Mr. Sheng agreed to pledge his 40% equity interest in Shenzhen New ECLink to ECLink Shenzhen.
- (331) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Wang Ting Ting as pledgor whereby Mr. Wang Ting Ting agreed to pledge his 20% equity interest in Shenzhen New ECLink to ECLink Shenzhen.
- (332) A business operation agreement dated 26 September 2003 entered into between ECLink Shenzhen, Shenzhen New ECLink, Ms. Wang, Mr. Sheng and Mr. Wang Ting Ting, pursuant to which ECLink Shenzhen agreed to act as a performance guarantor for Shenzhen New ECLink in respect of its transactions with third parties. In return, Shenzhen New ECLink granted ECLink Shenzhen a security interest over all of its assets. In addition, Shenzhen New ECLink and all of its shareholders agreed that Shenzhen New ECLink will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officer and other senior officers. The term of this agreement is ten years from the date of execution.
- (333) An equity transfer agreement dated 26 September 2003 entered into between Shenzhen Freenet and Ms. Wang, pursuant to which Shenzhen Freenet agreed to transfer its 40% equity interest in Shenzhen Freenet Advertising to Ms. Wang.

- (334) An equity transfer agreement dated 26 September 2003 entered into between Shenzhen Freenet and Mr. Sheng, pursuant to which Shenzhen Freenet agreed to transfer its 40% equity interest in Shenzhen Freenet Advertising to Mr. Sheng.
- (335) An equity transfer agreement dated 26 September 2003 entered into between Shenzhen Freenet and Mr. Wang Ting Ting, pursuant to which Shenzhen Freenet agreed to transfer its 10% equity interest in Shenzhen Freenet Advertising to Mr. Wang Ting Ting.
- (336) An equity transfer agreement dated 26 September 2003 entered into between Mr. Wang and Mr. Wang Ting Ting, pursuant to which Mr. Wang agreed to transfer its 10% equity interest in Shenzhen Freenet Advertising to Mr. Wang Ting Ting.
- (337) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Ms. Wang as borrower whereby TOM International agreed to grant a loan in the amount of RMB400,000 to Ms. Wang to invest in Shenzhen Freenet Advertising as its registered capital.
- (338) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Sheng as borrower whereby TOM International agreed to grant a loan in the amount of RMB400,000 to Mr. Sheng to invest in Shenzhen Freenet Advertising as its registered capital.
- (339) A loan agreement dated 26 September 2003 entered into between TOM International as lender and Mr. Wang Ting Ting as borrower whereby TOM International agreed to grant a loan in the amount of RMB200,000 to Mr. Wang Ting Ting to invest in Shenzhen Freenet Advertising as its registered capital.
- (340) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Shenzhen Freenet Advertising and Ms. Wang, pursuant to which Ms. Wang granted TOM International an exclusive option to purchase all of her interest in Shenzhen Freenet Advertising when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution.
- (341) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Shenzhen Freenet Advertising and Mr. Sheng, pursuant to which Mr. Sheng granted TOM International an exclusive option to purchase all of his interest in Shenzhen Freenet Advertising when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Sheng. The term of this agreement is 10 years from the date of execution.
- (342) An exclusive option agreement dated 26 September 2003 entered into between TOM International, Shenzhen Freenet Advertising and Mr. Wang Ting Ting, pursuant to which Mr. Wang Ting Ting granted TOM International an exclusive option to purchase all of his interest in Shenzhen Freenet Advertising when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Wang Ting Ting. The term of this agreement is 10 years from the date of execution.

- (343) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Shenzhen Freenet Advertising, pursuant to which ECLink Shenzhen agreed to provide technical consultancy and services exclusively for Shenzhen Freenet Advertising during the term of the agreement.
- (344) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen and Ms. Wang whereby Ms. Wang agreed to pledge her 40% equity interest in Shenzhen Freenet Advertising to ECLink Shenzhen.
- (345) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen and Mr. Sheng whereby Mr. Sheng agreed to pledge his 40% equity interest in Shenzhen Freenet Advertising to ECLink Shenzhen.
- (346) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen and Mr. Wang Ting Ting whereby Mr. Wang Ting Ting agreed to pledge his 20% equity interest in Shenzhen Freenet Advertising to ECLink Shenzhen.
- (347) A business operation agreement dated 26 September 2003 entered into between ECLink Shenzhen, Shenzhen Freenet Advertising, Ms. Wang, Mr. Sheng and Mr. Wang Ting Ting, pursuant to which ECLink Shenzhen agreed to act as a performance guarantor for Shenzhen Freenet Advertising in respect of its transactions with third parties. In return, Shenzhen Freenet Advertising granted ECLink Shenzhen a security interest over all of its assets. In addition, Shenzhen Freenet Advertising and all of its shareholders agreed that Shenzhen Freenet Advertising will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officer and other senior officers. The term of this agreement is 10 years from the date of execution.
- (348) A loan agreement dated 26 September 2003 entered into between Commercelink as lender and Mr. Sheng as borrower whereby Commercelink agreed to grant a loan in the amount of RMB2,000,000 to Mr. Sheng to invest in Yang Cheng Advertising as its registered capital.
- (349) A loan agreement dated 26 September 2003 entered into between Commercelink as lender and Ms. Wang as borrower whereby Commercelink agreed to grant a loan in the amount of RMB2,000,000 to Ms. Wang to invest in Yang Cheng Advertising as its registered capital.
- (350) An exclusive option agreement dated 26 September 2003 entered into between Commercelink, Yang Cheng Advertising and Mr. Sheng, pursuant to which Mr. Sheng granted Commercelink an exclusive option to purchase his 40% equity interest in Yang Cheng Advertising when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Sheng. The term of this agreement is 10 years from the date of execution.

- (351) An exclusive option agreement dated 26 September 2003 entered into between Commercelink, Yang Cheng Advertising and Ms. Wang, pursuant to which Ms. Wang granted Commercelink an exclusive option to purchase her 40% equity interest in Yang Cheng Advertising when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution.
- (352) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Yang Cheng Advertising, pursuant to which ECLink Shenzhen agreed to provide technical consultancy and services exclusively for Yang Cheng Advertising during the term of the agreement.
- (353) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Mr. Sheng as pledgor whereby Mr. Sheng agreed to pledge his 40% equity interest in Yang Cheng Advertising to ECLink Shenzhen.
- (354) An equity pledge agreement dated 26 September 2003 entered into between ECLink Shenzhen as pledgee and Ms. Wang as pledgor whereby Ms. Wang agreed to pledge her 40% equity interest in Yang Cheng Advertising to ECLink Shenzhen.
- (355) A business operation agreement dated 26 September 2003 entered into between ECLink Shenzhen, Yang Cheng Advertising, Mr. Sheng and Ms. Wang, pursuant to which ECLink Shenzhen agreed to act as a performance guarantor for Yang Cheng Advertising in respect of its transactions with third parties. In return, Yang Cheng Advertising granted ECLink Shenzhen a security interest over all of its assets. In addition, Yang Cheng Advertising and all of its shareholders agreed that Yang Cheng Advertising will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officer and other senior officers. The term of this agreement is 10 years from the date of execution.
- (356) An equity transfer agreement dated 26 September 2003 entered into between Mr. Wang and Mr. Sheng, pursuant to which Mr. Wang agreed to transfer his 20% equity interest in Fench Management to Mr. Sheng.
- (357) An equity transfer agreement dated 26 September 2003 entered into between Ms. Wang and Mr. Sheng, pursuant to which Ms. Wang agreed to transfer her 35% equity interest in Fench Management to Mr. Sheng.
- (358) A loan agreement dated 26 September 2003 entered into between TOM Outdoor as lender and Mr. Sheng as borrower whereby TOM Outdoor agreed to grant a loan in the amount of RMB3,085,500 to Mr. Sheng to invest in Fench Management as its registered capital.

- (359) A loan agreement dated 26 September 2003 entered into between TOM Outdoor as lender and Ms. Wang as borrower whereby TOM Outdoor agreed to grant a loan in the amount of RMB1,122,000 to Ms. Wang to invest in Fench Management as its registered capital.
- (360) A loan agreement dated 26 September 2003 entered into between TOM Outdoor as lender and Mr. Li Jian as borrower whereby TOM Outdoor agreed to grant a loan in the amount of RMB1,402,500 to Mr. Li to invest in Fench Management as its registered capital.
- (361) An exclusive option agreement dated 26 September 2003 entered into between TOM Outdoor, Fench Management and Mr. Sheng, pursuant to which Mr. Sheng granted TOM Outdoor an exclusive option to purchase his 55% equity interest in Fench Management when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Sheng. The term of this agreement is 10 years from the date of execution.
- (362) An exclusive option agreement dated 26 September 2003 entered into between TOM Outdoor, Fench Management and Ms. Wang, pursuant to which Ms. Wang granted TOM Outdoor an exclusive option to purchase her 20% equity interest in Fench Management when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from the date of execution.
- (363) An exclusive option agreement dated 26 September 2003 entered into between TOM Outdoor, Fench Management and Mr. Li, pursuant to which Mr. Li granted TOM Outdoor an exclusive option to purchase his 25% equity interest in Fench Management when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Li. The term of this agreement is 10 years from the date of execution.
- (364) An exclusive technical and consultancy services agreement dated 26 September 2003 entered into between Fench Media and Fench Management, pursuant to which Fench Media agreed to provide technical consultancy and services exclusively for Fench Management during the term of the agreement.
- (365) An equity pledge agreement dated 26 September 2003 entered into between Fench Media and Mr. Sheng whereby Mr. Sheng agreed to pledge his 55% equity interest in Fench Management to Fench Media.
- (366) An equity pledge agreement dated 26 September 2003 entered into between Fench Media and Ms. Wang whereby Ms. Wang agreed to pledge her 20% equity interest in Fench Management to Fench Media.
- (367) An equity pledge agreement dated 26 September 2003 entered into between Fench Media and Mr. Li whereby Mr. Li agreed to pledge his 25% equity interest in Fench Management to Fench Media.

- (368) A business operation agreement dated 26 September 2003 entered into between Fench Media, Fench Management, Mr. Sheng, Ms. Wang and Mr. Li, pursuant to which Fench Media agreed to act as a performance guarantor for Fench Management in respect of its transactions with third parties. In return, Fench Management granted Fench Media a security interest over all of its assets. In addition, Fench Management and all of its shareholders agreed that Fench Management will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media's designees as its directors, chief executive officer and other senior officers. The term of this agreement is ten years from 26 September 2003.
- (369) An equity transfer agreement dated 26 September 2003 entered into between Shenzhen Freenet and Shenzhen Freenet Advertising, pursuant to which Shenzhen Freenet agreed to transfer its 37% equity interest in Cernet Online to Shenzhen Freenet Advertising.
- (370) An equity transfer agreement dated 26 September 2003 entered into between TOM China and TOM International, pursuant to which TOM China agreed to transfer its 51% equity interest in Cernet to TOM International.
- (371) A joint venture agreement dated 26 September 2003 entered into between TOM International and 中國信息技術有限公司 (CNPIT Information Technology Company Limited) in relation to the establishment of a joint venture company CNPIT TOM Culture in the PRC, which is supplemented by a supplemental joint venture agreement dated 26 September 2003 entered into between the same parties pursuant to which the parties agreed to amend the terms of the joint venture agreement to reflect the equity transfer agreement of the same date.
- (372) An equity transfer agreement dated 26 September 2003 entered into between TOM China as transferor and TOM International as transferee, pursuant to which TOM China agreed to transfer its 70% equity interest in CNPIT TOM Culture to TOM International.
- (373) A set-off agreement dated 27 September 2003 entered into between Shenzhen Freenet and Ms. Wang pursuant to which the total amount owed by Shenzhen Freenet to Ms. Wang is reduced from RMB105,722,947 (owed under a novation agreement entered into between Advanced Internet, Ms. Wang and Mr. Sheng) to RMB70,722,947 after setting off the amount of RMB35,000,000, being the consideration payable by Ms. Wang to Shenzhen Freenet under an equity transfer agreement dated 26 September 2003 entered into between Ms. Wang and Shenzhen Freenet in relation to the transfer of Shenzhen Freenet's 40% equity interest in Redsail to Ms. Wang.
- (374) A tenancy agreement dated 13 October 2003 entered into between Southland Company Limited and Cup, in relation to the lease of whole 13th floor of Park Commercial Centre of No. 180 Tung Lo Wan Road, Hong Kong for a period of two years expiring on 9 October 2005.

- (375) A tenancy agreement dated 14 October 2003 entered into between 北京經開科創科技孵化器有限公司 (Beijing Jing Kai Ke Chuang Technology Incubator Company Limited) as landlord and Beijing Lei Ting as tenant in relation to the lease of Unit Nos. 306, 316 and 406, Block A, Chuangxin Building, Enterprise Park, 12 Hongda North Road, Economic Developing Zone, Beijing, the PRC for a period of one year expiring on 13 November 2004.
- (376) An equity transfer agreement dated 29 October 2003 entered into between Fung's Advertising Limited ("Fung's Advertising") as vendor and Mr. Zhong and Commercelink as purchasers, as amended by two supplemental agreements dated 31 March 2004 and 30 April 2004 respectively entered into between the same parties.
- (377) A tenancy agreement dated 31 October 2003 entered into between Mr. Wang Zhi Hua (王治華) as landlord and Tianming JV as tenant in relation to the lease of three units at No. 36, Jincheng Street, Guancheng District, Zhengzhou, Henan Province, the PRC for a period of one year expiring on 30 January 2005.
- (378) A letter of intent dated 4 November 2003 entered into between Cité and TWP Corporation in relation to the transfer of the business of magazine, fiction and computer games from TWP Corporation to Cité.
- (379) A letter of intent dated 4 November 2003 entered into between 金鼎(集團)有限公司 (Jin Ding (Group) Company Limited) and TOM International in relation to the transfer of equity interests in 深圳市新華亞太電視廣播有限公司 (Shenzhen Xinhua Asia-Pacific Television Broadcasting Company Limited)
- (380) A subscription agreement dated 6 November 2003 entered into between the Company as guarantor, TOM Holdings Limited as the issuer, Citigroup Global Markets Limited and Deutsche Bank AG London as the joint bookrunners and Cazenove Asia Limited as co-manager whereby the joint bookrunners and co-manager agreed to subscribe for convertible bonds of the issuer at par in an aggregate principal amount of US\$150 million.
- (381) An agreement dated 7 November 2003 entered into between TOM Digital as purchaser and TCI National Digital Television Center Hong Kong, Inc. as vendor in relation to the sale and purchase of certain business assets at a consideration of US\$431,587.
- (382) A joint venture agreement dated 9 November 2003 entered into between TOM China and Sanlian, under which, TOM China and Sanlian agreed to jointly establish a sino-foreign co-operative joint venture enterprise to be known as 北京三聯世紀文化傳播有限公司 (Beijing Sanlian Shiji Wenhua Chuanbo Company Limited) in the PRC with an investment capital in the total amount of RMB50,000,000 and a registered capital in the amount of RMB40,000,000.
- (383) An exclusive management consultancy agreement dated 14 November 2003 entered into between TOM China and TOM OMG, pursuant to which TOM China agreed to provide management consultancy services exclusively to TOM OMG which was terminated pursuant to a termination agreement dated 31 December 2003 entered into between the parties.

- (384) A tenancy agreement dated 17 November 2003 entered into between 中國日報華南辦事處 (China Daily South China Office) as landlord and Guangzhou TOM as tenant in relation to the lease of Unit No. 1603, Level 16, West Tower, China Travel Commercial Centre, 39-49 Qiaolin Street, Linhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC for a period of two years expiring on 15 November 2005.
- (385) A tenancy agreement dated 18 November 2003 entered into between 北京明振汽車運輸服務有限公司 (Beijing Ming Zhen Motors Transportation Services Company Limited) as landlord and Beijing Lei Ting as tenant in relation to the lease of two residential units in Xinkang Garden, Yi Zhuang, Economic Developing Zone, Beijing, the PRC for a period of one year expiring on 19 November 2004.
- (386) A business operation agreement dated 19 November 2003 entered into between Puccini Beijing, LTWJi, Ms. Wang and Mr. Wang, pursuant to which Puccini Beijing agreed to act as a performance guarantor for LTWJi in respect of its transactions with third parties. In return, LTWJi granted Puccini Beijing a security interest over all of its assets. In addition, LTWJi and all of its shareholders agreed that LTWJi will not carry on any transactions that may materially adversely affect its operations and will appoint Puccini Beijing designees as its directors, chief executive officer and other senior officers. The term of this agreement is 10 years from 19 November 2003.
- (387) An exclusive technical consultancy and services agreement dated 19 November 2003 entered into between Puccini Beijing and LTWJi, pursuant to which Puccini Beijing agreed to provide technical consultancy and services exclusively for LTWJi for a term of 10 years from 19 November 2003.
- (388) An exclusive option agreement dated 19 November 2003 entered into between Ms. Wang, Puccini and LTWJi, pursuant to which Ms. Wang granted Puccini an exclusive option to purchase all of her interest in LTWJi when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Ms. Wang. The term of this agreement is 10 years from 19 November 2003.
- (389) An exclusive option agreement dated 19 November 2003 entered into between Mr. Wang, Puccini and LTWJi, pursuant to which Mr. Wang granted Puccini an exclusive option to purchase all of his interest in LTWJi when permitted by PRC law at the exercise price equivalent to the actual capital contribution by Mr. Wang. The term of this agreement is 10 years from 19 November 2003.
- (390) An undertaking letter dated 19 November 2003 given by Mr. Wang as borrower to Puccini in relation to the loan amount of RMB400,000 to Mr. Wang by Puccini to invest in LTWJi as registered capital.
- (391) An undertaking letter dated 19 November 2003 given by Ms. Wang as borrower in relation to the loan amount of RMB100,000 to Ms. Wang by Puccini to invest in LTWJi as registered capital.

- (392) An equity pledge agreement dated 19 November 2003 entered into between Puccini, Puccini Beijing and Mr. Wang, pursuant to which Puccini Beijing assumes all of the rights and obligations of Puccini under the terms and conditions as set out in the novation agreement dated 25 September 2003 entered into between Puccini, Devine Gem, Mr. Wang and Ms. Wang.
- (393) An equity pledge agreement dated 19 November 2003 entered into between Puccini, Puccini Beijing and Ms. Wang, pursuant to which Puccini Beijing assumes all of the rights and obligations of Puccini under the terms and conditions as set out in the novation agreement dated 25 September 2003 entered into between Puccini, Devine Gem, Mr. Wang and Ms. Wang.
- (394) A media service agreement dated 19 November 2003 entered into between CETV and YCP Advertising relating to “The 40th Golden Horse Awards Presentation Ceremony”.
- (395) A media service agreement dated 19 November 2003 entered into between CETV and YCP Advertising relating to “Dolphin Bay Lovers”.
- (396) A loan agreement dated 20 November 2003 entered into between Commercelink as lender and Mr. Sheng as borrower whereby Commercelink agreed to advance a loan in the amount of RMB500,000 to Mr. Sheng to be invested exclusively in Yang Cheng Sports.
- (397) A business operation agreement dated 20 November 2003 entered into between Yang Cheng Sports, ECLink Shenzhen, Ms. Wang and Mr. Sheng pursuant to which ECLink Shenzhen agreed to act as a guarantor for any obligations undertaken by Yang Cheng Sports in respect of its transactions with third parties. No consideration is payable under this agreement. In return, Yang Cheng Sports granted ECLink Shenzhen a security interest over all of its assets. In addition, Yang Cheng Sports and its shareholders agreed that Yang Cheng Sports will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen’s nominees as its directors, chief executive officers and other senior officers. The term of this agreement in ten years from the date of execution.
- (398) An exclusive technical and consultancy services agreement dated 20 November 2003 entered into between ECLink Shenzhen and Yang Cheng Sports pursuant to which Yang Cheng Sports agreed to engage ECLink Shenzhen to provide technical consultancy and services exclusively for Yang Cheng Sports during the term of the agreement.
- (399) An equity pledge agreement dated 20 November 2003 entered into between ECLink Shenzhen as pledgee and Mr. Sheng as pledgor pursuant to which Mr. Sheng agreed to pledge his entire equity interest in Yang Cheng Sports to ECLink Shenzhen.

- (400) An exclusive option agreement dated 20 November 2003 entered into between Mr. Sheng and Commercetlink pursuant to which Mr. Sheng agreed to grant an exclusive option to Commercetlink to purchase all of his equity interest in Yang Cheng Sports when permitted by PRC law at the exercise price equivalent to the actual capital contribution towards the registered capital of Yang Cheng Sports by Mr. Sheng. The term of this agreement is 10 years from the date of execution.
- (401) A supplemental equity pledge agreement dated 20 November 2003 entered into between Ms. Wang as pledgor, ECLink Shenzhen as pledgee and Commercetlink relating to the novation of all rights, obligation and liabilities from Commercetlink to ECLink Shenzhen pursuant to an equity pledge agreement dated 24 September 2002 entered into between Ms. Wang and Commercetlink. Pursuant to this supplemental agreement, Ms. Wang agreed to pledge all of her equity interest in Yang Cheng Sports to ECLink Shenzhen
- (402) A termination agreement dated 21 November 2003 entered into between CETV and 北京易澄影視文化傳播有限公司 (Beijing Yi Cheng Audio-Video Cultural Transmission Company Limited) relating to the termination of a syndication agreement dated 6 January 2003 entered into between the same parties.
- (403) An equity sale and purchase agreement dated 26 November 2003 entered into between Mr. Ding Da Tian as vendor and Media Focus as purchaser pursuant to which Mr. Ding Da Tian agreed to sell to Media Focus his 8,909 shares in Cité at a consideration of NT\$205,393.
- (404) An advertisement promotion agreement dated 29 November 2003 entered into between CETV and YCP Advertising relating to, inter alia, the promotion of “Dolphin Bay Lovers” by way of advertisement from 29 November 2003 to 6 March 2004.
- (405) A renewal agreement dated 18 December 2003 entered into between 北京萬壽路物業管理中心 (Beijing Wan Shou Lu Property Management Centre) as landlord and ChinaPlus as tenant in relation to the lease of Unit 108, Office Tower, 61 Fuxing Road, Haidian District, Beijing, the PRC commencing on 20 December 2003.
- (406) A sub-tenancy agreement dated 24 December 2003 entered into between TOM China as landlord and the Beijing Dongcheng branch of GreaTom as tenant in relation to the sub-lease of Room 905 of 9th Floor, Tower W3, Oriental Plaza, No.1 East Chang An Avenue, Dongcheng District, Beijing, the PRC expiring on 14 June 2006.
- (407) A supplemental agreement dated 31 December 2003 entered into between TOM China and TOM International.
- (408) A supplemental novation agreement dated 31 December 2003 entered into between TOM China and TOM International.

- (409) A loan agreement dated 17 January 2004 entered into between TOM Outdoor as lender and Mr. Li as borrower whereby TOM Outdoor advanced a loan in the amount of RMB600,000 to Mr. Li Jian exclusively for contributing to the registered capital of Shanghai TOM.
- (410) A loan agreement dated 17 January 2004 entered into between TOM Outdoor as lender and Mr. Yang as borrower whereby TOM Outdoor advanced a loan in the amount of RMB400,000 to Mr. Yang Zhen Kun (“Mr. Yang”) exclusively for contributing to the registered capital of Shanghai TOM.
- (411) A sale of business agreement dated 20 January 2004 entered into between Cité and TWP Corporation in relation to the transfer of the business of magazine, fiction and computer games from TWP Corporation to Cité for a consideration of NT\$60,000,000.
- (412) An engagement letter dated 11 February 2004 entered into between CETV and Commerce & Finance Law Offices, Beijing.
- (413) An undertaking letter dated 13 February 2004 entered into between TOM Online and the Company pursuant to which the Company undertakes to TOM Online not to demand repayment of the amounts due to it within a certain period under the separate loan agreements entered into between the Company and each of Laurstinus, Lahiji and Advanced Internet dated 21 September 2003 except in certain circumstances.
- (414) A tenancy agreement dated 13 February 2004 entered into between Beijing Oriental and LTWJi in relation to the lease of Rooms 7-8, 5/F., Tower W3, Oriental Plaza, No.1 East Chang An Avenue, Dongcheng District, Beijing, the PRC expiring on 14 August 2006.
- (415) A tenancy agreement dated 20 February 2004 entered into between 福盛國際有限公司 (Fu Sheng International Company Limited) and CETV in relation to the lease of Unit Nos. 2207-2210, Level 22, West Tower, Yang Cheng International Trade Centre, 122 Tiyu East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC for a period of 2 years and 14 days expiring on 28 February 2006.
- (416) A business operation agreement dated 25 February 2004 entered into between Fench Media, Shanghai TOM, Mr. Li and Mr. Yang, pursuant to which Fench Media agreed to act as guarantor for any obligations undertaken by Shanghai TOM in respect of its transactions with third parties. In return, Shanghai TOM granted Fench Media a security interest over all of its assets. In addition, Shanghai TOM and its shareholders agreed that Shanghai TOM will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media’s nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (417) An exclusive technical and consultancy services agreement dated 25 February 2004 entered into between Fench Media and Shanghai TOM pursuant to which Shanghai TOM agreed to engage Fench Media exclusively for certain technical and consultancy services during the term of the agreement.

- (418) An equity pledge agreement dated 25 February 2004 entered into between Fench Media as pledgee and Mr. Li as pledgor pursuant to which Mr. Li Jian agreed to pledge his entire equity interest in Shanghai TOM to Fench Media.
- (419) An equity pledge agreement dated 25 February 2004 entered into between Fench Media as pledgee and Mr. Yang as pledgor pursuant to which Mr. Yang agreed to pledge his entire equity interest in Shanghai TOM to Fench Media.
- (420) An exclusive option agreement dated 25 February 2004 entered into between TOM Outdoor, Mr. Li and Shanghai TOM pursuant to which Mr. Li Jian agreed to grant an exclusive option to TOM Outdoor to purchase all of his equity interest in Shanghai TOM when permitted by PRC law at the exercise price equivalent to the actual capital contribution towards the registered capital of Shanghai TOM by Mr. Li. The term of this agreement is 10 years from the date of execution with an option to extend for a further 10 years.
- (421) An exclusive option agreement dated 25 February 2004 entered into between TOM Outdoor, Mr. Yang and Shanghai TOM pursuant to which Mr. Yang agreed to grant an exclusive option to TOM Outdoor to purchase all of his equity interest in Shanghai TOM when permitted by PRC law at the exercise price equivalent to the actual capital contribution towards the registered capital of Shanghai TOM by Mr. Yang. The term of this agreement is 10 years from the date of execution with an option to extend for a further 10 years.
- (422) A tenancy agreement dated 27 February 2004 entered into between 北京德惠俱樂部有限公司 (Beijing De Hui Club Company Limited) and Yang Cheng Advertising in relation to the lease of Unit 402, Level 4, Block A, Dehui Building, A39 Xinfu Avenue, Chong Wen District, Beijing, the PRC for a period of one year expiring on 31 March 2005.
- (423) A tenancy agreement dated 1 March 2004 entered into between 深圳市國際信息技術交流中心 (Shenzhen International Information Technology Exchange Centre) as landlord and ECLink Shenzhen as tenant in relation to the lease of Unit No. 403, Level 4, Xin Xi Building, 1 Tongxin Road Futian District, Shenzhen, Guangdong Province, the PRC for a period of one year expiring on 28 February 2005.
- (424) An assignment dated 5 March 2004 entered into between Media Serv, Beijing Youth Daily, China Open Sports Marketing Company Limited in relation to the Beijing Tennis Tournament Agreement.
- (425) A loan agreement dated 5 March 2004 entered into between Great Top International Limited (“Great Top”) as lender and Teleplus Limited (“Teleplus”) as borrower pursuant to which Great Top agreed to lend the sum of HK\$1,416,000 to Teleplus.

- (426) A share pledge agreement dated 5 March 2004 entered into between Great Top as pledgee and Teleplus as pledgor pursuant to which Teleplus agreed to pledge its shareholding in Tennis Tournaments Holdings Limited as security for the loan of HK\$1,416,000 granted by Great Top.
- (427) A management services agreement dated 8 March 2004 entered into between Media Serv Asia Pacific Limited and China Open Sports Marketing Company Limited.
- (428) A loan agreement dated 11 March 2004 entered into between TOM Outdoor as lender and Mr. Li as borrower whereby TOM Outdoor advanced a loan in the amount of RMB600,000 to Mr. Li exclusively for contributing to the registered capital of Guangzhou TOM.
- (429) A loan agreement dated 11 March 2004 entered into between TOM Outdoor as lender and Mr. Yang as borrower whereby TOM Outdoor advanced a loan in the amount of RMB400,000 to Mr. Yang exclusively for contributing to the registered capital of Guangzhou TOM.
- (430) An agreement dated 18 March 2004 entered into between 中國國際電視總公司 (China International Television Corporation) and CETV in relation to the provision of coverage of satellite television in the PRC.
- (431) A business operation agreement dated 22 March 2004 entered into between Fench Media, Guangzhou TOM, Mr. Li and Mr. Yang pursuant to which Fench Media agreed to act as guarantor for any obligations undertaken by Guangzhou TOM in respect of its transactions with third parties. In return, Guangzhou TOM granted Fench Media a security interest over all of its assets. In addition, Guangzhou TOM and its shareholders agreed that Guangzhou TOM will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (432) An exclusive technical and consultancy services agreement dated 22 March 2004 entered into between Fench Media and Guangzhou TOM pursuant to which Guangzhou TOM agreed to engage Fench Media exclusively for certain technical and consultancy services during the term of the agreement.
- (433) An equity pledge agreement dated 22 March 2004 entered into between Fench Media as pledgee and Mr. Li as pledgor pursuant to which Mr. Li agreed to pledge his entire equity interest in Guangzhou TOM to Fench Media.
- (434) An equity pledge agreement dated 22 March 2004 entered into between Fench Media as pledgee and Mr. Yang as pledgor pursuant to which Mr. Yang agreed to pledge his entire equity interest in Guangzhou TOM to Fench Media.

- (435) An exclusive option agreement dated 22 March 2004 entered into between TOM Outdoor, Mr. Li and Guangzhou TOM pursuant to which Mr. Li agreed to grant an exclusive option to TOM Outdoor to purchase all of his equity interest in Guangzhou TOM when permitted by PRC law at the exercise price equivalent to the actual capital contribution towards the registered capital of Guangzhou TOM by Mr. Li. The term of this agreement is 10 years from the date of execution with an option to extend for a further 10 years.
- (436) An exclusive option agreement dated 22 March 2004 entered into between TOM Outdoor, Mr. Yang and Guangzhou TOM pursuant to which Mr. Yang agreed to grant an exclusive option to TOM Outdoor to purchase all of his equity interest in Guangzhou TOM when permitted by PRC law at the exercise price equivalent to the actual capital contribution towards the registered capital of Guangzhou TOM by Mr. Yang. The term of this agreement is 10 years from the date of execution with an option to extend for a further 10 years.
- (437) An exclusivity agreement dated 23 March 2004 entered into between TOM International, PAMA Group (Hong Kong) Limited, Warburg Pincus Asia LLC and MediaNation Inc. pursuant to which each of them will supply certain of its confidential proprietary Information to the other parties for the purpose of evaluating potential investments (by way of acquiring equity interest) in MediaNation and possible acquisition of certain outdoor media assets from the TOM Group.
- (438) A loan agreement dated 30 March 2004 entered into between TOM International as lender and Tennis Management as borrower in respect of a loan facility in the amount of US\$1,500,000
- (439) A deed of novation dated 30 March 2004 entered into between Swidon Enterprises Limited as assignor, Tennis Management as assignee and TOM International as creditor in relation to the novation of the loan of US\$1,500,000 from Swidon Enterprises Limited to Tennis Management.
- (440) A deed dated 30 March 2004 entered into between Modern Perfect, Spectrum International, Mr. Venancio and Tennis Management in relation to Tennis Management.
- (441) A transponder utilisation agreement dated 30 March 2004 entered into between Asia Satellite Telecommunications Company Limited (“AsiaSat”) and CETV pursuant to which AsiaSat agreed to provide digital television of both analogue and digital form for a term of one year commencing on 1 April 2004 (the “Transponder Utilisation Agreement”).
- (442) A guarantee dated 30 March 2004 executed by the Company as guarantor in favour of AsiaSat to guarantee the performance of all obligations of CETV under the Transponder Utilisation Agreement.
- (443) A supplemental framework agreement dated 31 March 2004 relating to Hong Xiang entered into between TOM Solutions Limited and Mr. Zhang Bao Cheng in relation to the framework agreement dated 5 March 2002.

- (444) A tenancy agreement dated 1 April 2004 entered into between The Center (48) Limited as landlord and TOM International as tenant in relation to the lease of the whole of the 48 Floor of “The Center” erected on Inland Lot No. 8827 for a period of three year expiring on 31 March 2007.
- (445) A tenancy agreement dated 1 April 2004 entered into between Holgain Limited as landlord and YZZK as tenant in relation to the lease of the office, godown and car parking spaces at Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong for a term of one year expiring on 31 March 2005.
- (446) A shareholders’ loan agreement dated 2 April 2004 entered into between AA Stocks, All Asia and EC.COM.
- (447) A supplemental framework agreement dated 8 April 2004 relating to Hong Xiang entered into between TOM Solutions Limited and Mr. Zhang Bao Cheng, which supplements the framework agreement dated 5 March 2002 (as supplemented) entered into between the same parties.
- (448) A deed of adherence dated 22 April 2004 entered into between AA Stocks and Westport to reflect the termination of the old shareholders’ agreement dated 18 June 2000 and the entering into of a new share purchase agreement on 17 March 2004.
- (449) A television audience measurement contract dated 22 April 2004 entered into between CVSC Sofres Media Co. Ltd. (“CVSC”) and CETV pursuant to which CVSC agreed to provide to CETV the service of national television audience measurement and related software for a period of one year at a consideration of HK\$488,433.
- (450) A consultancy and services agreement dated 28 April 2004 entered into between Fung’s Advertising and Commercelink pursuant to which Commercelink agreed to engage Fung’s Advertising to provide consultancy services for the term from the date of the agreement to 30 April 2004 for a consultancy fee of HK\$1,822,248.97, as terminated by a termination agreement dated 30 April 2004.
- (451) A loan declaration and confirmation dated 30 April 2004 entered into between Commercelink as lender and Ms. Wang as borrower whereby Commercelink and Ms. Wang confirmed that Commercelink had advanced a loan in the amount of RMB3,500,000 to Ms. Wang on 24 September 2002 for investing exclusively in Yang Cheng Sports.
- (452) An equity transfer agreement dated 30 April 2004 entered into between Shenzhen Freenet as transferor and Ms. Zhang Jing as transferee whereby Shenzhen Freenet agreed to transfer 50% of the equity interest in Hong Xiang Productions to Ms. Zhang Jing at a consideration of RMB400,000.
- (453) A loan agreement dated 30 April 2004 entered into between ECLink Shenzhen as lender and Ms. Wang as borrower whereby ECLink Shenzhen advanced a loan in the amount of RMB2,161,202.54 to Ms. Wang for her onward lending to Shenzhen New ECLink as its working capital.

- (454) A loan agreement dated 30 April 2004 entered into between Ms. Wang as lender and Shenzhen New ECLink as borrower whereby Ms. Wang advanced a loan in the amount of RMB2,161,202.54 to Shenzhen New ECLink as its working capital.
- (455) A tenancy agreement dated 15 May 2004 entered into between 昆明高新技術創業服務中心 (Kunming High and New Technology New Industry Service Centre) as landlord and Fench Media as tenant in relation to the lease of Level 2, Block A, Enterprise Service Centre, Jindingshan, High and New Technology Developing Area, Kunming, Yunnan Province, the PRC for a period of one year expiring on 15 May 2005.
- (456) A business operation agreement dated 2 June 2004 entered into between Fench Media, Kunming Guojia Technology Company Limited (“Kunming Guojia”), Mr. Li and Mr. Yang pursuant to which Fench Media agreed to act as a guarantor for any obligations undertaken by Kunming Guojia in respect of its transactions with third parties. No consideration is payable under this agreement. In return, Kunming Guojia granted Fench Media a security interest over all of its assets. In addition, Kunming Guojia and its shareholders agreed that Kunming Guojia will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media’s nominees as its directors, chief executive officers and other senior officers. The term of this agreement is 10 years from the date of execution.
- (457) An exclusive technical and consultancy services agreement dated 2 June 2004 entered into between Fench Media and Kunming Guojia pursuant to which Kunming Guojia agreed to engage Fench Media to provide technical consultancy and services exclusively for Kunming Guojia during the term of the agreement.
- (458) A supplemental equity pledge agreement dated 2 June 2004 entered into between Fench Media as pledgee, Mr. Li as pledgor and World Focus Developments Limited (“World Focus”) relating to the novation of all rights, obligation and liabilities from World Focus pursuant to an equity pledge agreement dated 2 March 2001 entered into between Mr. Li and World Focus. Pursuant to this supplemental agreement, Mr. Li agreed to pledge all of his equity interest in Kunming Guojia to Fench Media.
- (459) A supplemental equity pledge agreement dated 2 June 2004 entered into between Fench Media as pledgee, Mr. Yang as pledgor and World Focus relating to the novation of all rights, obligation and liabilities from World Focus pursuant to an equity pledge agreement dated 2 March 2001 entered into between Mr. Yang and World Focus. Pursuant to this supplemental agreement, Mr. Yang agreed to pledge all of his equity interest in Kunming Guojia to Fench Media.
- (460) A business operation agreement dated 2 June 2004 entered into between Beijing TOM, Fench Media, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng pursuant to which Fench Media agreed to act as a guarantor for any obligations undertaken by Beijing TOM in respect of its transactions with third parties. No consideration is payable under this agreement. In return, Beijing TOM granted Fench Media a security interest over all of its assets. In addition, Beijing TOM and its shareholders agreed that Beijing TOM will not carry on any transactions that may materially adversely

affect its operations and will appoint Fench Media's nominees as its directors, chief executive officers and other senior officers. The term of this agreement in ten years from the date of execution.

- (461) An exclusive technical and consultancy services agreement dated 2 June 2004 entered into between Fench Media and Beijing TOM pursuant to which Beijing TOM agreed to engage Fench Media to provide technical consultancy and services exclusively for Beijing TOM during the term of the agreement.
- (462) A supplemental equity pledge agreement dated 2 June 2004 entered into between Fench Media as pledgee, Ms. Wang as pledgor and ECLink Shenzhen relating to the novation of all rights, obligation and liabilities from ECLihnk Shenzhen pursuant to an equity pledge agreement dated 26 September 2003 entered into between Ms. Wang and ECLink Shenzhen. Pursuant to this supplemental agreement, Ms. Wang agreed to pledge all of her equity interest in Beijing TOM to Fench Media.
- (463) A supplemental equity pledge agreement dated 2 June 2004 entered into between Fench Media as pledgee, Mr. Wang Ting Ting as pledgor and ECLink Shenzhen relating to the novation of all rights, obligation and liabilities from ECLihnk Shenzhen pursuant to an equity pledge agreement dated 26 September 2003 entered into between Mr. Wang Ting Ting and ECLink Shenzhen. Pursuant to this supplemental agreement, Mr. Wang Ting Ting agreed to pledge all of his equity interest in Beijing TOM to Fench Media.
- (464) A supplemental equity pledge agreement dated 2 June 2004 entered into between Fench Media as pledgee, Mr. Sheng as pledgor and ECLink Shenzhen relating to the novation of all rights, obligation and liabilities from ECLihnk Shenzhen pursuant to an equity pledge agreement dated 26 September 2003 entered into between Mr. Sheng and ECLink Shenzhen. Pursuant to this supplemental agreement, Mr. Sheng agreed to pledge all of his equity interest in Beijing TOM to Fench Media.
- (465) An exclusive technical and consultancy services agreement dated 2 June 2004 entered into between Fench Media and Tianyu Tenglong Advertising pursuant to which Tianyu Tenglong Advertising agreed to engage Fench Media to provide technical consultancy and services exclusively for Tianyu Tenglong Advertising during the term of the agreement.
- (466) A supplemental equity pledge agreement dated 2 June 2004 entered into between Fench Media as pledgee, Mr. Feng Zhi Gang as pledgor and Perfect Team relating to the novation of all rights, obligation and liabilities from Perfect Team pursuant to an equity pledge agreement dated 11 October 2001 entered into between Mr. Feng Zhi Gang and Perfect Team. Pursuant to this supplemental agreement, Mr. Feng Zhi Gang agreed to pledge all of his equity interest in Tianyu Tenglong Advertising to Fench Media.

- (467) A business operation agreement dated 3 June 2004 entered into between Tianyu Tenglong Advertising, Fench Media and Mr. Feng Zhi Gang pursuant to which Fench Media agreed to act as a guarantor for any obligations undertaken by Tianyu Tenglong Advertising in respect of its transactions with third parties. No consideration is payable under this agreement. In return, Tianyu Tenglong Advertising granted Fench Media a security interest over all of its assets. In addition, Tianyu Tenglong Advertising and Mr. Feng Zhi Gang agreed that Tianyu Tenglong Advertising will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media's nominees as its directors, chief executive officers and other senior officers. The term of this agreement is 10 years from the date of execution.
- (468) A loan agreement dated 3 June 2004 entered into between Prime Digital Limited ("Prime Digital") as lender and Mr. Li as borrower whereby Prime Digital advanced a loan in the amount of RMB51,000 to Mr. Li for the sole purpose of investing in Beijing Guojiatong.
- (469) A loan agreement dated 3 June 2004 entered into between Prime Digital as lender and Mr. Yang as borrower whereby Prime Digital advanced a loan in the amount of RMB49,000 to Mr. Yang for the sole purpose of investing in Beijing Guojiatong.
- (470) A business operation agreement dated 3 June 2004 entered into between ECLink Shenzhen, Beijing Guojiatong, Mr. Li and Mr. Yang, pursuant to which ECLink Shenzhen agreed to act as guarantor for any obligations undertaken by Beijing Guojiatong in respect of its transactions with third parties. In return, Beijing Guojiatong granted ECLink Shenzhen a security interest over all of its assets. In addition, Beijing Guojiatong and its shareholders agreed that Beijing Guojiatong will not carry on any transactions that may materially adversely affect its operations and will appoint Beijing Guojiatong's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (471) An exclusive technical and consultancy services agreement dated 3 June 2004 entered into between ECLink Shenzhen and Beijing Guojiatong pursuant to which Beijing Guojiatong agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services during the term of the agreement.
- (472) An equity pledge agreement dated 3 June 2004 entered into between ECLink Shenzhen as pledgee and Mr. Li as pledgor pursuant to which Mr. Li agreed to pledge his entire equity interest in Beijing Guojiatong in favour of ECLink Shenzhen.
- (473) An equity pledge agreement dated 3 June 2004 entered into between ECLink Shenzhen as pledgee and Mr. Yang as pledgor pursuant to which Mr. Yang agreed to pledge his entire equity interest in Beijing Guojiatong in favour of ECLink Shenzhen.

- (474) An exclusive option agreement dated 3 June 2004 entered into between Mr. Li, Prime Digital and Beijing Guojiatong pursuant to which Mr. Li agreed to grant an exclusive option to Prime Digital to purchase all of his equity interest in Beijing Guojiatong when permitted by PRC law at the exercise price equivalent to the actual capital contribution towards the registered capital of Beijing Guojiatong by Mr. Li. The term of this agreement is 10 years from the date of execution with an option to extend for a further 10 years.
- (475) An exclusive option agreement dated 3 June 2004 entered into between Mr. Yang, Prime Digital and Beijing Guojiatong pursuant to which Mr. Yang agreed to grant an exclusive option to Prime Digital to purchase all of his equity interest in Beijing Guojiatong when permitted by PRC law at the exercise price equivalent to the actual capital contribution towards the registered capital of Beijing Guojiatong by Mr. Yang. The term of this agreement is 10 years from the date of execution with an option to extend a further 10 years.
- (476) A supplemental facility letter dated 8 June 2004 entered into between the Company and Cranwood pursuant to which certain terms of the loan facility letter dated 10 December 2001 (as amended by a supplemental facility letter dated 12 March 2003) in respect of a loan facility of up to HK\$34,000,000 were amended.
- (477) A tenancy agreement dated 9 June 2004 entered into between 瀋陽東大智能物業管理有限公司 (Shenyang Dong Da Zhi Neng Property Management Company Limited) as landlord and Liaoning Falida Advertising Company Limited as tenant in relation to the lease of Unit Nos. 05 and 07, Level 10, Dongda Zhihui Building, 87 Xiao Xi Road, Shenhe District, Shenyang, Liaoning Province, the PRC for a period of 6 months from 13 June 2004 to 12 December 2004.
- (478) A licence agreement dated 25 March 2004 entered into between China Television Cultural Enterprises Ltd. as licensor and CETV as licensee in relation to series numbered 81-106 of “Jacky Go Go” for broadcast on CETV.

(b) **Summary of contractual arrangements in respect of certain PRC entities within the TOM Group**

Below is a summary of the various contractual arrangements pursuant to which the Company enjoys the economic benefits of each of the following PRC entities:

Internet Group

(1) *Beijing Lei Ting*

The contractual arrangements in respect of Beijing Lei Ting are amongst Beijing Lei Ting, Beijing Super Channel, Lahiji, Ms. Wang (being the owner of 80% of the registered capital of RMB11,000,000 of Beijing Lei Ting) and Mr. Wang (being the owner of 20% of the registered capital of RMB11,000,000 of Beijing Lei Ting) as follows:

- (i) Pursuant to a loan agreement dated 26 September 2003 between Lahiji and Ms. Wang, Lahiji agreed to advance RMB8,800,000 to Ms. Wang for the sole purpose of her investment in Beijing Lei Ting.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 among Beijing Super Channel, Beijing Lei Ting, Ms. Wang and Mr. Wang, Beijing Super Channel agreed to act as a guarantor for any obligations undertaken by Beijing Lei Ting in respect of its transactions with third parties. In return, Beijing Lei Ting granted Beijing Super Channel a security interest over all of its assets. In addition, Beijing Lei Ting and its shareholders, Ms. Wang and Mr. Wang, agreed that Beijing Lei Ting will not carry on any transactions that may materially adversely affect its operations and will appoint Beijing Super Channel's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between Beijing Super Channel and Beijing Lei Ting, Beijing Lei Ting agreed to engage Beijing Super Channel exclusively for certain technical and consultancy services. In consideration for the provision of these services, Beijing Lei Ting pays Beijing Super Channel service fees on a monthly basis, calculated on the basis of the actual number of page views for each month. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to two equity pledge agreements dated 26 September 2003, each of Ms. Wang and Mr. Wang has pledged to Beijing Super Channel all of their respective interest in Beijing Lei Ting to guarantee the performance by Beijing Lei Ting of its obligations under the exclusive technical and consultancy services agreement between Beijing Lei Ting and Beijing Super Channel. No consideration is payable under the equity pledge agreements. The term of each of these agreements is 10 years, which may be extended with the written consent of Beijing Super Channel prior to the expiry of such 10-year term.

- (v) Pursuant to exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang and Mr. Wang with Lahiji and Beijing Lei Ting, Ms. Wang and Mr. Wang granted Lahiji an exclusive option to purchase all of their respective interests in Beijing Lei Ting when permitted by PRC law. The term of each of these agreements is 10 years from the date of execution. The exercise prices of these options are the actual capital contribution by Ms. Wang towards the registered capital of Beijing Lei Ting in respect of Ms. Wang's interest to be purchased and RMB900,000 in respect of Mr. Wang's interest to be purchased.
 - (vi) Each of Ms. Wang and Mr. Wang has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of Beijing Super Channel full power and authority to exercise all of their shareholder's rights with respect to their respective interests in Beijing Lei Ting.
- * According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Beijing Lei Ting and Beijing Super Channel, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(2) *Shenzhen Freenet*

The contractual arrangements in respect of Shenzhen Freenet are amongst Shenzhen Freenet, Beijing Super Channel, Advanced Internet, Ms. Wang (being the owner of 70% of the registered capital of RMB23,000,000 of Shenzhen Freenet) and Mr. Sheng (being the owner of 30% of the registered capital of RMB23,000,000 of Shenzhen Freenet) as follows:

- (i) Pursuant to two loan agreements dated 26 September 2003 between Advanced Internet and each of Ms. Wang and Mr. Sheng, Advanced Internet agreed to advance RMB16,100,000 and RMB6,900,000 to Ms. Wang and Mr. Sheng respectively for the sole purpose of their respective investment in Shenzhen Freenet.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 entered into between Beijing Super Channel, Shenzhen Freenet, Ms. Wang and Mr. Sheng, pursuant to which Beijing Super Channel agreed to act as a guarantor for any obligations undertaken by Shenzhen Freenet in respect of its transactions with third parties. In return, Shenzhen Freenet granted Beijing Super Channel a security interest over all of its assets. In addition, Shenzhen Freenet and its shareholders, Ms. Wang and Mr. Sheng, agreed that Shenzhen Freenet will not carry on any transactions that may materially adversely affect its operations and will appoint Beijing Super Channel's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.

- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between Beijing Super Channel and Shenzhen Freenet, pursuant to which Shenzhen Freenet agreed to engage Beijing Super Channel exclusively for certain technical and consultancy services. In consideration for the provision of these services, Shenzhen Freenet pays Beijing Super Channel service fees on a monthly basis, calculated on the basis of the actual number of page views for each month. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to two equity pledge agreements dated 26 September 2003, each of Ms. Wang and Mr. Sheng has pledged to Beijing Super Channel all of their respective interest in Shenzhen Freenet to guarantee the performance by Shenzhen Freenet of its obligations under the exclusive technical and consultancy services agreement between Shenzhen Freenet and Beijing Super Channel. No consideration is payable under the equity pledge agreements. The term of the agreement is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Beijing Super Channel and Shenzhen Freenet.
- (v) Pursuant to exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang and Mr. Sheng with Advanced Internet and Shenzhen Freenet, Ms. Wang and Mr. Sheng granted Advanced Internet an exclusive option to purchase all of their respective interests in Shenzhen Freenet when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Shenzhen Freenet in respect of Ms. Wang's interest to be purchased and Mr. Sheng's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
- (vi) Each of Ms. Wang and Mr. Sheng has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of Beijing Super Channel full power and authority to exercise all of their shareholder's rights with respect to their respective interests in Shenzhen Freenet.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Shenzhen Freenet and Beijing Super Channel, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(3) *LTWJi*

The contractual arrangements in respect of LTWJi are amongst LTWJi, Puccini, Puccini Beijing, Mr. Wang (being the owner of 80% of the registered capital of RMB1,000,000 of LTWJi), Ms. Wang (being the owner of 20% of the registered capital of RMB1,000,000 of LTWJi) as follows:

- (i) Pursuant to a loan agreement dated 25 July 2002 entered into between Devine Gem (an affiliate of Cranwood) and each of Mr. Wang and Ms. Wang, Devine Gem agreed to advance RMB400,000 and RMB100,000 to Mr. Wang and Ms. Wang, respectively, solely for the purpose of his/her investing in the working capital of LTWJi. Pursuant to a novation agreement dated 25 September 2003, all the rights and interests in the above loan agreement were novated by Devine Gem to Puccini. No consideration was payable under the novation agreement.
- (ii) Pursuant to a business operation agreement dated 19 November 2003 entered into between Puccini Beijing, LTWJi and Mr. Wang and Ms. Wang, Puccini Beijing agreed to act as guarantor for any obligations undertaken by LTWJi in respect of its transactions with third parties. In return, LTWJi granted Puccini Beijing a security interest over all of its assets. In addition, LTWJi and its shareholders, Mr. Wang and Ms. Wang, agreed that LTWJi will not, without the prior written consent of Puccini Beijing, carry on any transactions that may materially adversely affect its operations and will appoint Puccini Beijing's nominees as its directors, chief executive officer and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 19 November 2003 entered into between Puccini Beijing and LTWJi, LTWJi agreed to engage Puccini Beijing exclusively for certain technical and consultancy services. In consideration for the provision of these services, LTWJi pays Puccini Beijing service fees on a monthly basis, calculated on the basis of the actual air-time used by the customers of LTWJi multiplied by a rate which is equal to 50% of the air-time rate charged by LTWJi to its customers for the provision of IVR services. The term of this agreement is 10 years from the date of execution which may, upon confirmation of Puccini Beijing prior to the expiry of such 10-year term, be extended after the expiry of such 10-year term for a period to be agreed between Puccini Beijing and LTWJi;.
- (iv) Pursuant to two equity pledge agreements dated 19 November 2003, each of Mr. Wang and Ms. Wang pledged to Puccini Beijing all of their respective interests in LTWJi to guarantee the performance by LTWJi of its obligations under the exclusive technical and consultancy services agreement between LTWJi and Puccini Beijing. No consideration is payable under the equity pledge agreements. The term of each of these agreements is 10 years, which may only be extended with the written consent of Puccini Beijing prior to the expiry of such 10-year term.

- (v) Pursuant to exclusive option agreements dated 19 November 2003 entered into by each of Ms. Wang and Mr. Wang with Puccini and LTWJi, Ms. Wang and Mr. Wang granted Puccini an exclusive option to purchase all of their respective interests in LTWJi when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of LTWJi in respect of Ms. Wang's interest to be purchased and Mr. Wang's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of their execution with the option to extend a further 10 years.
- (vi) Each of Ms. Wang and Mr. Wang has executed an irrevocable power of attorney dated 19 November 2003 granting a nominated employee of Puccini Beijing full power and authority to exercise all of their shareholders' rights with respect to their respective interests in LTWJi.
- * According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of LTWJi and Puccini Beijing, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(4) *Redsail*

The contractual arrangements in respect of Redsail are amongst Redsail, ECLink Shenzhen, TOM International, Ms. Wang (being the owner of 40% of the registered capital of RMB62,800,000 of Redsail), Mr. Wang (being the owner of 20% of the registered capital of RMB62,800,000 of Redsail) and Mr. Sheng (being the owner of 40% of the registered capital of RMB62,800,000 of Redsail) as follows:

- (i) Pursuant to three loan agreements dated 26 September 2003 between TOM International and each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, TOM International agreed to advance RMB35,000,000, RMB200,000 and RMB18,530,000 to Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng respectively for the sole purpose of their respective investment in Redsail.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 entered into between Redsail, ECLink Shenzhen, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, pursuant to which ECLink Shenzhen agreed to act as a guarantor for any obligations undertaken by Redsail in respect of its transactions with third parties. In return, Redsail granted ECLink Shenzhen a security interest over all of its assets. In addition, Redsail and its shareholders, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, agreed that Redsail will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.

- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Redsail, pursuant to which Redsail agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services. In consideration for the provision of these services, Redsail will pay ECLink Shenzhen service fees to be agreed between the two parties. The term of this agreement is 10 years from the date of execution.
 - (iv) Pursuant to three equity pledge agreements dated 26 September 2003, each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng has pledged to ECLink Shenzhen all of their respective interest in Redsail to guarantee the performance by Redsail of its obligations under the exclusive technical and consultancy services agreement between Redsail and ECLink Shenzhen . No consideration is payable under the equity pledge agreements. The term of the agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between ECLink Shenzhen and Redsail.
 - (v) Pursuant to exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng with TOM International and Redsail, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng granted TOM International an exclusive option to purchase all of their respective interests in Redsail when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Redsail in respect of Ms. Wang's interest to be purchased, Mr. Wang Ting Ting's interest to be purchased and Mr. Sheng's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
 - (vi) Each of Mr. Wang Ting Ting, Ms. Wang and Mr. Sheng has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of ECLink Shenzhen full power and authority to exercise all of their shareholder's rights with respect to their respective interests in Redsail.
- * According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Redsail and ECLink Shenzhen, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(5) *Shenzhen New ECLink*

The contractual arrangements in respect of Shenzhen New ECLink are amongst Shenzhen New ECLink, ECLink Shenzhen, TOM International, Ms. Wang (being the owner of 40% of the registered capital of RMB1,000,000 of Shenzhen New ECLink), Mr. Wang Ting Ting (being the owner of 20% of the registered capital of RMB1,000,000 of Shenzhen New ECLink) and Mr. Sheng (being the owner of 40% of the registered capital of RMB1,000,000 of Shenzhen New ECLink) as follows:

- (i) Pursuant to three loan agreements dated 26 September 2003 between TOM International and each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, TOM International agreed to advance RMB400,000, RMB200,000 and RMB400,000 to Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng respectively for the sole purpose of their respective investment in Shenzhen New ECLink.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 entered into between Shenzhen New ECLink, ECLink Shenzhen, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, pursuant to which ECLink Shenzhen agreed to act as a guarantor for any obligations undertaken by Shenzhen New ECLink in respect of its transactions with third parties. In return, Shenzhen New ECLink granted ECLink Shenzhen a security interest over all of its assets. In addition, Shenzhen New ECLink and its shareholders, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, agreed that Shenzhen New ECLink will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Shenzhen New ECLink, pursuant to which Shenzhen New ECLink agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services. In consideration for the provision of these services, Shenzhen New ECLink will pay ECLink Shenzhen service fees to be agreed between the two parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to three equity pledge agreements dated 26 September 2003, each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng has pledged to ECLink Shenzhen all of their respective interest in Shenzhen New ECLink to guarantee the performance by Shenzhen New ECLink of its obligations under the exclusive technical and consultancy services agreements between Shenzhen New ECLink and ECLink Shenzhen. No consideration is payable under the equity pledge agreements. The term of each of these agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between ECLink Shenzhen and Shenzhen New ECLink.

- (v) Pursuant to three exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng with TOM International and Shenzhen New ECLink, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng granted TOM International an exclusive option to purchase all of their respective interests in Shenzhen New ECLink when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Shenzhen New ECLink in respect of Ms. Wang's interest to be purchased, Mr. Wang Ting Ting's interest to be purchased and Mr. Sheng's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
- (vi) Each of Mr. Wang Ting Ting, Ms. Wang and Mr. Sheng has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of ECLink Shenzhen full power and authority to exercise all of their shareholder's rights with respect to their respective interests in Shenzhen New ECLink.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Shenzhen New ECLink and ECLink Shenzhen, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(6) *China Travel Network Company Limited ("China Travel Network")*

The contractual arrangements in respect of China Travel Network are amongst China Travel Network, ECLink Shenzhen, TOM International, Ms. Wang (being the owner of 40% of the registered capital of RMB10,000,000 of China Travel Network), Mr. Wang Ting Ting (being the owner of 20% of the registered capital of RMB10,000,000 of China Travel Network) and Mr. Sheng (being the owner of 40% of the registered capital of RMB10,000,000 of China Travel Network) as follows:

- (i) Pursuant to three loan agreements dated 26 September 2003 between TOM International and each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, TOM International agreed to advance RMB4,000,000, RMB2,000,000 and RMB4,000,000 to Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng respectively for the sole purpose of their respective investment in China Travel Network.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 entered into between China Travel Network, ECLink Shenzhen, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, pursuant to which ECLink Shenzhen agreed to act as a guarantor for any obligations undertaken by China Travel Network in respect of its transactions with third parties. In return, China Travel Network granted ECLink Shenzhen a security interest over all of its assets. In addition, China Travel Network and its shareholders, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, agreed that China Travel Network will not carry on any transactions

that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.

- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and China Travel Network, pursuant to which China Travel Network agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services. In consideration for the provision of these services, China Travel Network will pay ECLink Shenzhen service fees to be agreed between the parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to three equity pledge agreements dated 26 September 2003, each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng has pledged to ECLink Shenzhen all of their respective interest in China Travel Network to guarantee the performance by China Travel Network of its obligations under the exclusive technical and consultancy services agreement between China Travel Network and ECLink Shenzhen. No consideration is payable under the equity pledge agreements. The term of each of these agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between ECLink Shenzhen and China Travel Network.
- (v) Pursuant to three exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng with TOM International and China Travel Network, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng granted TOM International an exclusive option to purchase all of their respective interests in China Travel Network when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of China Travel Network in respect of Ms. Wang's interest to be purchased, Mr. Wang Ting Ting's interest to be purchased and Mr. Sheng's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
- (vi) Each of Mr. Wang Ting Ting, Ms. Wang and Mr. Sheng has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of ECLink Shenzhen full power and authority to exercise all of their shareholder's rights with respect to their respective interests in China Travel Network.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of China Travel Network and ECLink Shenzhen, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(7) *Beijing Oriental China Travel Agency Limited (“Oriental China Travel”)*

The contractual arrangements in respect of Oriental China Travel are amongst Oriental China Travel, ECLink Shenzhen, TOM International and Mr. Wang Ting Ting (being the owner of 20% of the registered capital of RMB500,000 of Oriental China Travel) as follows:

- (i) Pursuant to a loan agreement dated 26 September 2003 between TOM International and Mr. Wang Ting Ting, TOM International agreed to advance RMB100,000 to Mr. Wang Ting Ting for the sole purpose of his investment in Oriental China Travel.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 entered into between Oriental China Travel, ECLink Shenzhen, TOM International and Mr. Wang Ting Ting, pursuant to which ECLink Shenzhen agreed to act as a guarantor for any obligations undertaken by Oriental China Travel in respect of its transactions with third parties. In return, Oriental China Travel granted ECLink Shenzhen a security interest over all of its assets. In addition, Oriental China Travel and its shareholder, Mr. Wang Ting Ting agreed that Oriental China Travel will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen’s nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Oriental China Travel, pursuant to which Oriental China Travel agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services. In consideration for the provision of these services, China Travel Network will pay ECLink Shenzhen service fees to be agreed between the parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to the equity pledge agreement dated 26 September 2003, Mr. Wang Ting Ting has pledged to ECLink Shenzhen all of his interest in Oriental China Travel to guarantee the performance by Oriental China Travel of its obligations under the exclusive technical and consultancy services agreement between Oriental China Travel and ECLink Shenzhen. No consideration is payable under the equity pledge agreements. The term of the agreement is from the date of the registration of the pledge with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between ECLink Shenzhen and Oriental China Travel.
- (v) Pursuant to an exclusive option agreement dated 26 September 2003 entered into by Mr. Wang Ting Ting with TOM International and Oriental China Travel, Mr. Wang Ting Ting granted TOM International an exclusive option to purchase all of his interests in Oriental China Travel when permitted by PRC law. The

exercise price of this option is his actual capital contributions towards the registered capital of Oriental China Travel in respect of his interests to be purchased. The term this agreements is 10 years from the date of execution with the option to extend a further 10 years.

- (vi) Mr. Wang Ting Ting has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of ECLink Shenzhen full power and authority to exercise all of his shareholder's rights with respect to his interests in Oriental China Travel.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and power of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Oriental China Travel and ECLink Shenzhen, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(8) *Shenzhen Freenet Advertising*

The contractual arrangements in respect of Shenzhen Freenet Advertising are amongst Shenzhen Freenet Advertising, ECLink Shenzhen, TOM International, Ms. Wang (being the owner of 40% of the registered capital of RMB1,000,000 of Shenzhen Freenet Advertising), Mr. Wang Ting Ting (being the owner of 20% of the registered capital of RMB1,000,000 of Shenzhen Freenet Advertising) and Mr. Sheng (being the owner of 40% of the registered capital of RMB1,000,000 of Shenzhen Freenet Advertising) as follows:

- (i) Pursuant to three loan agreements dated 26 September 2003 between TOM International and each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, TOM International agreed to advance RMB400,000, RMB200,000 and RMB400,000 to Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng respectively for the sole purpose of their respective investment in Shenzhen Freenet Advertising.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 entered into between Shenzhen Freenet Advertising and ECLink Shenzhen, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, pursuant to which ECLink Shenzhen agreed to act as a guarantor for any obligations undertaken by Shenzhen Freenet Advertising in respect of its transactions with third parties. In return, Shenzhen Freenet Advertising granted ECLink Shenzhen a security interest over all of its assets. In addition, Shenzhen Freenet Advertising and its shareholders, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, agreed that Shenzhen Freenet Advertising will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.

- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Shenzhen Freenet Advertising, pursuant to which Shenzhen Freenet Advertising agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services. In consideration for the provision of these services, Shenzhen Freenet Advertising will pay ECLink Shenzhen service fees to be agreed between the two parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to three equity pledge agreements dated 26 September 2003, each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng has pledged to ECLink Shenzhen all of their respective interest in Shenzhen Freenet Advertising to guarantee the performance by Shenzhen Freenet Advertising of its obligations under the exclusive technical and consultancy services agreement between Shenzhen Freenet Advertising and ECLink Shenzhen. No consideration is payable under the equity pledge agreements. The term of each of these agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between ECLink Shenzhen and Shenzhen Freenet Advertising.
- (v) Pursuant to exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng with TOM International and Shenzhen Freenet Advertising, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng granted TOM International an exclusive option to purchase all of their respective interests in Shenzhen Freenet Advertising when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Shenzhen Freenet Advertising in respect of Ms. Wang's interest to be purchased, Mr. Wang Ting Ting's interest to be purchased and Mr. Sheng's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
- (vi) Each of Mr. Wang Ting Ting, Ms. Wang and Mr. Sheng has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of ECLink Shenzhen full power and authority to exercise all of their shareholder's rights with respect to their respective interests in Shenzhen Freenet Advertising.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Shenzhen Freenet Advertising and ECLink Shenzhen, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

Sports Group**(9) *Yang Cheng Advertising***

The contractual arrangements in respect of Yang Cheng Advertising are amongst Yang Cheng Advertising, ECLink Shenzhen, Commercelink, Ms. Wang (being the owner of 40% of the registered capital of RMB5,000,000 of Yang Cheng Advertising) and Mr. Sheng (being the owner of 40% of the registered capital of RMB5,000,000 of Yang Cheng Advertising) as follows:

- (i) Pursuant to two loan agreements dated 26 September 2003 between Commercelink and each of Ms. Wang and Mr. Sheng, Commercelink agreed to advance RMB2,000,000 and RMB2,000,000 to Ms. Wang and Mr. Sheng respectively for the sole purpose of their respective investment in Yang Cheng Advertising.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 among Yang Cheng Advertising, ECLink Shenzhen, Ms. Wang and Mr. Sheng, ECLink Shenzhen agreed to act as a guarantor for any obligations undertaken by Yang Cheng Advertising in respect of its transactions with third parties. In return, Yang Cheng Advertising granted ECLink Shenzhen a security interest over all of its assets. In addition, Yang Cheng Advertising and its shareholders, Ms. Wang and Mr. Sheng, agreed that Yang Cheng Advertising will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between ECLink Shenzhen and Yang Cheng Advertising, Yang Cheng Advertising agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services. In consideration for the provision of these services, Yang Cheng Advertising will pay ECLink Shenzhen service fees to be agreed between the two parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to two equity pledge agreements dated 26 September 2003, each of Ms. Wang and Mr. Sheng has pledged to ECLink Shenzhen all of their respective interest in Yang Cheng Advertising to guarantee the performance by Yang Cheng Advertising of its obligations under the exclusive technical and consultancy services agreement between Yang Cheng Advertising and ECLink Shenzhen. No consideration is payable under the equity pledge agreements. The term of the agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between ECLink Shenzhen and Yang Cheng Advertising.

- (v) Pursuant to exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang and Mr. Sheng with Commercelink and Yang Cheng Advertising, Ms. Wang and Mr. Sheng granted Commercelink an exclusive option to purchase all of their respective interests in Yang Cheng Advertising when permitted by PRC law. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Yang Cheng Advertising in respect of Ms. Wang's interest to be purchased and Mr. Sheng's interest to be purchased respectively.
- (vi) Each of Ms. Wang and Mr. Sheng has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of ECLink Shenzhen full power and authority to exercise all of his shareholder's rights with respect to his interests in Yang Cheng Advertising.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Yang Cheng Advertising and ECLink Shenzhen, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(10) *Yang Cheng Sports*

The contractual arrangements in respect of Yang Cheng Sports are amongst Yang Cheng Sports, ECLink Shenzhen, Commercelink, Ms. Wang (being the owner of 70% of the registered capital of RMB5,000,000 of Yang Cheng Sports) and Mr. Sheng (being the owner of 10% of the registered capital of RMB5,000,000 of Yang Cheng Sports) as follows:

- (i) Pursuant to a loan agreement dated 20 November 2003 between Commercelink and Mr. Sheng, Commercelink agreed to advance RMB500,000 to Mr. Sheng for the sole purpose of his investment in Yang Cheng Sports. Pursuant to a loan declaration and confirmation dated 30 April 2004 between Commercelink and Ms. Wang, the parties declare and confirm that RMB3,500,000 was advanced by Commercelink to Ms. Wang on 24 September 2002 for the sole purpose of her investment in Yang Cheng Sports.
- (ii) Pursuant to a business operation agreement dated 20 November 2003 among Yang Cheng Sports, ECLink Shenzhen, Ms. Wang and Mr. Sheng, ECLink Shenzhen agreed to act as a guarantor for any obligations undertaken by Yang Cheng Sports in respect of its transactions with third parties. In return, Yang Cheng Sports granted ECLink Shenzhen a security interest over all of its assets. In addition, Yang Cheng Sports and its shareholders, Ms. Wang and Mr. Sheng, agreed that Yang Cheng Sports will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.

- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 20 November 2003 entered into between ECLink Shenzhen and Yang Cheng Sports, Yang Cheng Sports agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services. In consideration for the provision of these services, Yang Cheng Sports will pay ECLink Shenzhen service fees to be agreed between the two parties. The term of this agreement is 10 years from the date of execution.
 - (iv) Pursuant to a supplemental equity pledge agreement and an equity pledge agreement dated 20 November 2003, each of Mr. Wang and Mr. Sheng pledged to ECLink Shenzhen all of their respective interests in Yang Cheng Sports to guarantee the performance by Yang Cheng Sports of its obligation under the exclusive technical consultancy services agreement between Yang Cheng Sports and ECLink Shenzhen. No consideration is payable under the equity pledge agreements. The term of the agreements is 10 years, which may only be extended with the written consent of ECLink Shenzhen prior to the expiry of such 10-year term.
 - (v) Pursuant to exclusive option agreements respectively dated 24 September 2002 and 20 November 2003 entered into by Ms. Wang with Commercelink and Mr. Sheng with Commercelink, Ms. Wang and Mr. Sheng granted Commercelink an exclusive option to purchase all of their respective interests in Yang Cheng Sports when permitted by PRC law. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Yang Cheng Sports in respect of Ms. Wang's interest to be purchased and Mr. Sheng's interest to be purchased.
 - (vi) Ms. Wang and Mr. Sheng has executed an irrevocable power of attorney dated 30 April 2004 and 20 November 2003 respectively, granting a nominated employee of ECLink Shenzhen full power and authority to exercise all their shareholders' rights with respect to their interest in Yang Cheng Sports.
- * According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Yang Cheng Sports and ECLink Shenzhen, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

Outdoor Media Group**(11) *Beijing TOM***

The contractual arrangements in respect of Beijing TOM are amongst Beijing TOM, Fench Media, TOM Outdoor, Ms. Wang (being the owner of 40% of the registered capital of RMB1,000,000 of Beijing TOM), Mr. Wang Ting Ting (being the owner of 20% of the registered capital of RMB1,000,000 of Beijing TOM) and Mr. Sheng (being the owner of 40% of the registered capital of RMB1,000,000 of Beijing TOM) as follows:

- (i) Pursuant to three loan agreements dated 26 September 2003 between TOM Outdoor and each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, TOM Outdoor agreed to advance RMB400,000, RMB200,000 and RMB400,000 to Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng respectively for the sole purpose of their respective investment in Beijing TOM.
- (ii) Pursuant to a business operation agreement dated 2 June 2004 entered into between Beijing TOM, Fench Media, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, pursuant to which Fench Media agreed to act as a guarantor for any obligations undertaken by Beijing TOM in respect of its transactions with third parties. In return, Beijing TOM granted Fench Media a security interest over all of its assets. In addition, Beijing TOM and its shareholders, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng, agreed that Beijing TOM will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 2 June 2004 entered into between Fench Media and Beijing TOM, pursuant to which Beijing TOM agreed to engage Fench Media exclusively for certain technical and consultancy services. In consideration for the provision of these services, Beijing TOM will pay Fench Media service fees to be agreed between the two parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to three supplemental equity pledge agreements dated 2 June 2004, each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng has pledged to Fench Media all of their respective interest in Beijing TOM to guarantee the performance by Beijing TOM of its obligations under the exclusive technical and consultancy services agreement between Beijing TOM and Fench Media. No consideration is payable under the equity pledge agreements. The term of each of these agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Fench Media and Beijing TOM.

- (v) Pursuant to exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng with TOM Outdoor and Beijing TOM, Ms. Wang, Mr. Wang Ting Ting and Mr. Sheng granted TOM Outdoor an exclusive option to purchase all of their respective interests in Beijing TOM when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Beijing TOM in respect of Ms. Wang's interest to be purchased, Mr. Wang Ting Ting's interest to be purchased and Mr. Sheng's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
 - (vi) Each of Mr. Wang Ting Ting, Ms. Wang and Mr. Sheng has executed an irrevocable power of attorney dated 26 September 2003 granting a nominated employee of Fench Media full power and authority to exercise all of their shareholder's rights with respect to their respective interests in Beijing TOM.
- * According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Beijing TOM and Fench Media, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(12) *Fench Management*

The contractual arrangements in respect of Fench Management are amongst Fench Management, Fench Media, TOM Outdoor, Ms. Wang (being the owner of 20% of the registered capital of RMB5,610,000 of Fench Management), Mr. Li Jian (being the owner of 25% of the registered capital of RMB5,610,000 of Fench Management) and Mr. Sheng (being the owner of 55% of the registered capital of RMB5,610,000 of Fench Management) as follows:

- (i) Pursuant to three loan agreements dated 26 September 2003 between TOM Outdoor and each of Ms. Wang, Mr. Li Jian and Mr. Sheng, TOM Outdoor agreed to advance RMB1,122,000, RMB1,402,500 and RMB3,085,500 to Ms. Wang, Mr. Li Jian and Mr. Sheng respectively for the sole purpose of their respective investment in Fench Management.
- (ii) Pursuant to a business operation agreement dated 26 September 2003 entered into between Fench Management, Fench Media, TOM Outdoor, Ms. Wang, Mr. Li Jian and Mr. Sheng, pursuant to which Fench Media agreed to act as a guarantor for any obligations undertaken by Fench Management in respect of its transactions with third parties. In return, Fench Management granted Fench Media a security interest over all of its assets. In addition, Fench Management and its shareholders, Ms. Wang, Mr. Li Jian and Mr. Sheng, agreed that Fench Management will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media's nominees as its directors, chief executive officers and other senior officers. No consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.

- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 26 September 2003 entered into between Fench Media and Fench Management, pursuant to which Fench Management agreed to engage Fench Media exclusively for certain technical and consultancy services. In consideration for the provision of these services, Fench Management will pay Fench Media service fees to be agreed between the two parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to three equity pledge agreements dated 26 September 2003, each of Ms. Wang, Mr. Li Jian and Mr. Sheng has pledged to Fench Media all of their respective interest in Fench Management to guarantee the performance by Fench Management of its obligations under the exclusive technical and consultancy services agreement between Fench Management and Fench Media. No consideration is payable under the equity pledge agreements. The term of each of these agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Fench Media and Fench Management.
- (v) Pursuant to exclusive option agreements dated 26 September 2003 entered into by each of Ms. Wang, Mr. Li Jian and Mr. Sheng with TOM Outdoor and Fench Management, Ms. Wang, Mr. Li Jian and Mr. Sheng granted TOM Outdoor an exclusive option to purchase all of their respective interests in Fench Management when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Fench Management in respect of Ms. Wang's interest to be purchased, Mr. Li Jian's interest to be purchased and Mr. Sheng's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
- (vi) Each of Mr. Li Jian, Ms. Wang and Mr. Sheng has executed an irrevocable powers of attorney dated 26 September 2003 granting a nominated employee of Fench Media full power and authority to exercise all of their shareholder's rights with respect to their respective interests in Fench Management.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Fench Management and Fench Media, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(13) *Fench Star*

Pursuant to an exclusive option agreement dated 2 March 2001 entered into by each of Kunming Guojia Technology Development Company Limited (“Kunming Guojia”) and Fench Management with World Focus Developments Limited (“World Focus”), Kunming Guojia granted World Focus an exclusive option to purchase all of its interests in Fench Star when permitted by PRC law. The exercise price of the option is the actual capital contributions by Kunming Guojia towards the registered capital of Fench Star in respect of Kunming Guojia’s interest. The term of this agreement is 10 years from the date of execution with the option to extend a further 10 years.

* According to the legal opinion of Commerce & Finance Law Offices, the exclusive option agreement is legal, valid and enforceable under the PRC law, and no government or regulatory approval or permission is required in the PRC for the entering into of this agreement or for this agreement to be effective and enforceable under the PRC law, nor is any registration of this agreement with any government department required under the PRC law.

(14) *Kunming Guojia Technology Company Limited (“Kunming Guojia”)*

The contractual arrangements in respect of Guojia Technology are amongst Kunming Guojia, Fench Media, Mr. Li Jian (being the owner of 75% of the registered capital of RMB5,390,000 of Kunming Guojia) and Mr. Yang Zhen Kun (being the owner of 25% of the registered capital of RMB5,390,000 of Kunming Guojia) as follows:

- (i) Pursuant to two loan agreements dated 2 March 2001 between World Focus and each of Mr. Li Jian and Mr. Yang Zhen Kun, World Focus agreed to advance a HK dollar amount equivalent to RMB4,042,500 and a HK dollar amount equivalent to RMB1,347,500 to Mr. Li Jian and Mr. Yang Zhen Kun respectively for the sole purpose of their respective investment in Fench Star.
- (ii) Pursuant to a business operation agreement dated 2 June 2004 entered into between Fench Media, Kunming Guojia, Mr. Li Jian and Mr. Yang Zhen Kun, pursuant to which Fench Media agreed to act as guarantor for any obligations undertaken by Kunming Guojia in respect of its transactions with third parties. In return, Kunming Guojia granted Fench Media a security interest over all of its assets. In addition, Kunming Guojia and its shareholders, Mr. Li Jian and Mr. Yang Zhen Kun, agreed that Kunming Guojia will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media’s nominees as its directors, chief executive officers and other senior officers. No Consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 2 June 2004 entered into between Fench Media and Kunming Guojia, Kunming Guojia agreed to engage Fench Media exclusively for certain technical and consulting services. In consideration for the provision of these services, Kunming Guojia pays Fench Media service fees to be agreed by the parties. The term of this agreement is 10 years from the date of execution.

- (iv) Pursuant to two supplemental equity pledge agreements dated 2 June 2004, each of Mr. Li Jian and Mr. Yang Zhen Kun has pledged to Fench Media all of their respective interest in Kunming Guojia to guarantee the performance by Kunming Guojia of its obligations under the exclusive technical and consultancy services agreement between Kunming Guojia and Fench Media. No consideration is payable under the equity pledge agreements. The term of each of these agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Kunming Guojia and Fench Media.
- (v) Pursuant to an exclusive option agreements dated 2 March 2001 entered into by Mr. Li Jian and Mr. Yang Zhen Kun with World Focus, Mr. Li Jian and Mr. Yang Zhen Kun granted World Focus an exclusive option to purchase all of their respective interests in Kunming Guojia when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Kunming Guojia in respect of Mr. Li Jian's interest to be purchased and Mr. Yang Zhen Kun's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
- (vi) Each of Mr. Li Jian and Mr. Yang Zhen Kun has executed an irrevocable power of attorney dated 2 June 2004 granting a nominated employee of Fench Media full power and authority to exercise all their shareholders' rights with respect to their respective interest in Kunming Guojia.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Kunming Guojia and Fench Media, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(15) *Guangzhou Tianyu Tenglong Advertising Company Limited (“Tianyu Tenglong Advertising”)*

The contractual arrangements in respect of Tianyu Tenglong Advertising are amongst Tianyu Tenglong Advertising, Fench Media, Perfect Team and Mr. Feng Zhi Gang (being the owner of 65% of the registered capital of RMB1,000,000 of Tianyu Tenglong Advertising) as follows:

- (i) Pursuant to a loan agreement dated 11 October 2001 between Perfect Team and Mr. Feng Zhi Gang, Perfect Team agreed to advance RMB650,000 to Mr. Feng Zhi Gang for the sole purpose of his investment in Tianyu Tenglong Advertising.
- (ii) Pursuant to a business operation agreement dated 3 June 2004 entered into between Fench Media, Tianyu Tenglong Advertising and Mr. Feng Zhi Gang, pursuant to which Fench Media agreed to act as guarantor for any obligations

undertaken by Tianyu Tenglong Advertising in respect of its transactions with third parties. In return, Tianyu Tenglong Advertising granted Fench Media a security interest over all of its assets. In addition, Tianyu Tenglong Advertising and its shareholder, Mr. Feng Zhi Gang, agreed that Tianyu Tenglong Advertising will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media's nominees as its directors, chief executive officers and other senior officers. No Consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.

- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 2 June 2004 entered into between Fench Media and Tianyu Tenglong Advertising, Tianyu Tenglong Advertising agreed to engage Fench Media exclusively for certain technical and consultancy services. In consideration for the provision of these services, Tianyu Tenglong Advertising pays Fench Media service fees to be agreed by the parties each month. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to a supplemental equity pledge agreement dated 2 June 2004, Mr. Feng Zhi Gang has pledged to Fench Media all of his interest in Tianyu Tenglong Advertising to guarantee the performance by Tianyu Tenglong Advertising of its obligations under the exclusive technical and consultancy services agreement between Tianyu Tenglong Advertising and Fench Media. No consideration is payable under the equity pledge agreement. The term of this agreement is from the date of the registration of the pledge with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Tianyu Tenglong Advertising and Fench Media.
- (v) Pursuant to an exclusive option agreement dated 11 October 2001 entered into by Mr. Feng Zhi Gang with Perfect Team Limited, Mr. Feng Zhi Gang granted Perfect Team Limited an exclusive option to purchase all of his interest in Tianyu Tenglong Advertising when permitted by PRC law. The exercise price of this option are his actual capital contribution towards the registered capital of Tianyu Tenglong Advertising in respect of Mr. Feng Zhi Gang's interest to be purchased. The term of this agreement is 10 years from the date of execution with the option to extend a further 10 years.
- (vi) Mr. Feng Zhi Gang has executed an irrevocable power of attorney dated 3 June 2004 granting a nominated employee of Fench Media full power and authority to exercise all of his shareholder's rights with respect to his interest in Tianyu Tenglong Advertising.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and power of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the articles of association of Tianyu Tenglong Advertising, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or power of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(16) Shanghai TOM

- (i) Pursuant to two loan agreements respectively dated 17 January 2004 between TOM Outdoor and each of Mr. Li Jian and Mr. Yang Zhen Kun, TOM Outdoor agreed to advance RMB600,000 and RMB400,000 to Mr. Li Jian and Mr. Yang Zhen Kun respectively for the sole purpose of their respective investment in Shanghai TOM.
- (ii) Pursuant to a business operation agreement dated 25 February 2004 entered into between Fench Media, Shanghai TOM, Mr. Li Jian and Mr. Yang Zhen Kun, pursuant to which Fench Media agreed to act as guarantor for any obligations undertaken by Shanghai TOM in respect of its transactions with third parties. In return, Shanghai TOM granted Fench Media a security interest over all of its assets. In addition, Shanghai TOM and its shareholders, Mr. Li Jian and Mr. Yang Zhen Kun, agreed that Shanghai TOM will not carry on any transactions that may materially adversely affect its operations and will appoint Fench Media's nominees as its directors, chief executive officers and other senior officers. No Consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 25 February 2004 entered into between Fench Media and Shanghai TOM, Shanghai TOM agreed to engage Fench Media exclusively for certain technical and consultancy services. In consideration for the provision of these services, Shanghai TOM pays Fench Media service fees to be agreed by the parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to two equity pledge agreements dated 25 February 2004, each of Mr. Li Jian and Mr. Yang Zhen Kun has pledged to Fench Media all of their respective interest in Shanghai TOM to guarantee the performance by Shanghai TOM of its obligations under the exclusive technical and consultancy services agreement between Shanghai TOM and Fench Media. No consideration is payable under the equity pledge agreements. The term of the agreement is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Shanghai TOM and Fench Media.
- (v) Pursuant to exclusive option agreements dated 25 February 2004 entered into by each of Mr. Li Jian and Mr. Yang Zhen Kun with TOM Outdoor and Shanghai TOM, Mr. Li Jian and Mr. Yang Zhen Kun granted TOM Outdoor an exclusive option to purchase all of their respective interests in Shanghai TOM when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Shanghai TOM in respect of Mr. Li Jian's interest to be purchased and Mr. Yang Zhen Kun's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.

- (vi) Each of Mr. Li Jian and Mr. Yang Zhen Kun has executed an irrevocable power of attorney dated 25 February 2004 granting a nominated employee of Fench Media and authority to exercise all of their shareholder's rights with respect to their respective interests in Shanghai TOM.

* According to the legal opinion of Commerce & Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Shanghai TOM and Fench Media, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(17) *Guangzhou TOM*

- (i) Pursuant to two loan agreements respectively dated 11 March 2004 between TOM Outdoor and each of Mr. Li Jian and Mr. Yang Zhen Kun, TOM Outdoor agreed to advance RMB600,000 and RMB400,000 to Mr. Li Jian and Mr. Yang Zhen Kun respectively for the sole purpose of their respective investment in Guangzhou TOM.
- (ii) Pursuant to a business operation agreement dated 22 March 2004 entered into between Fench Media, Guangzhou TOM, Mr. Li Jian and Mr. Yang Zhen Kun, pursuant to which Fench Media agreed to act as guarantor for any obligations undertaken by Guangzhou TOM in respect of its transactions with third parties. In return, Guangzhou TOM granted Fench Media a security interest over all of its assets. In addition, Guangzhou TOM and its shareholders, Mr. Li Jian and Mr. Yang Zhen Kun, agreed that Guangzhou TOM will not carry on any transactions that may materially adversely affect its operations and will appoint Guangzhou TOM's nominees as its directors, chief executive officers and other senior officers. No Consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.
- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 22 March 2004 entered into between Fench Media and Guangzhou TOM, Guangzhou TOM agreed to engage Fench Media exclusively for certain technical and consultancy services. In consideration for the provision of these services, Guangzhou TOM pays Fench Media service fees to be agreed by the parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to two equity pledge agreements dated 22 March 2004, each of Mr. Li Jian and Mr. Yang Zhen Kun has pledged to Fench Media all of their respective interest in Guangzhou TOM to guarantee the performance by Guangzhou TOM of its obligations under the exclusive technical and consultancy services agreement between Guangzhou TOM and Fench Media. No consideration is payable under the equity pledge agreements. The term of the agreement is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Guangzhou TOM and Fench Media.

- (v) Pursuant to exclusive option agreements dated 22 March 2004 entered into by each of Mr. Li Jian and Mr. Yang Zhen Kun with TOM Outdoor and Guangzhou TOM, Mr. Li Jian and Mr. Yang Zhen Kun granted TOM Outdoor an exclusive option to purchase all of their respective interests in Guangzhou TOM when permitted by PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Guangzhou TOM in respect of Mr. Li Jian's interest to be purchased and Mr. Yang Zhen Kun's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of execution with the option to extend a further 10 years.
 - (vi) Each of Mr. Li Jian and Mr. Yang Zhen Kun has executed an irrevocable power of attorney dated 22 March 2004 granting a nominated employee of Fench Media and authority to exercise all of their shareholder's rights with respect to their respective interests in Guangzhou TOM.
- * According to the legal opinion of Commerce & Finance Law Officers, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Guangzhou TOM and Fench Media, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

Television and Entertainment Group

(18) *Beijing Guojiatong*

The contractual arrangements in respect of Beijing Guojiatong are amongst Beijing Guojiatong, Prime Digital Limited, ECLink Shenzhen and Mr. Yang Zhen Kun (being the owner of 49% of the registered capital of RMB100,000 of Beijing Guojiatong) and Mr. Li Jian (being the owner of 51% of the registered capital of RMB100,000 of Beijing Guojiatong) as follows:

- (i) Pursuant to two loan agreements dated 3 June 2004 between Prime Digital Limited and each of Mr. Yang Zhen Kun and Mr. Li Jian, Prime Digital Limited agreed to advance RMB49,000 and RMB51,000 to Mr. Yang Zhen Kun and Mr. Li Jian respectively for the sole purpose of their investment in Beijing Guojiatong.
- (ii) Pursuant to a business operation agreement dated 3 June 2004 entered into between ECLink Shenzhen, Beijing Guojiatong and each of Mr. Li Jian and Mr. Yang Zhen Kun, pursuant to which ECLink Shenzhen agreed to act as guarantor for any obligations undertaken by Beijing Guojiatong in respect of its transactions with third parties. In return, Beijing Guojiatong granted ECLink Shenzhen a security interest over all of its assets. In addition, Beijing Guojiatong and its shareholders, Mr. Li Jian and Mr. Yang Zhen Kun, agreed that Beijing Guojiatong will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink Shenzhen's nominees as its directors, chief executive officers and other senior officers. No Consideration was payable under the business operation agreement. The term of this agreement is 10 years from the date of execution.

- (iii) Pursuant to an exclusive technical and consultancy services agreement dated 3 June 2004 entered into between Beijing Guojiatong and ECLink Shenzhen, Beijing Guojiatong agreed to engage ECLink Shenzhen exclusively for certain technical and consultancy services. In consideration for the provision of these services, Beijing Guojiatong pays ECLink Shenzhen exclusively for certain technical and service. In consideration for the provision of these services, Beijing Guojiatong pays ECLink Shenzhen services fees to be agreed between the parties. The term of this agreement is 10 years from the date of execution.
- (iv) Pursuant to two equity pledge agreements dated 3 June 2004, each of Mr. Li Jian and Mr. Yang Zhen Kun has pledged to ECLink Shenzhen all of their respective interest in Beijing Guojiatong to guarantee the performance by Beijing Guojiatong of its obligations under the exclusive technical and consultancy services agreements between Beijing Guojiatong and ECLink Shenzhen. No consideration is payable under the equity pledge agreements. The term of each of these agreements is from the date of the registration of the pledges with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consultancy services agreement between Beijing Guojiatong and ECLink Shenzhen.
- (v) Pursuant to two exclusive option agreements dated 3 June 2004 entered into between Prime Digital Limited , Beijing Guojiatong and each of Mr. Li Jian and Mr. Yang Zhen Kun, Mr. Li Jian and Mr. Yang Zhen Kun granted Prime Digital Limited an exclusive option to purchase all of their respective interests in Beijing Guojiatong when permitted by the PRC law. The exercise prices of these options are their respective actual capital contributions towards the registered capital of Beijing Guojiatong in respect of Mr. Li Jian's interest to be purchased and Mr. Yang Zhen Kun's interest to be purchased respectively. The term of each of these agreements is 10 years from the date of their execution with the option to extend a further 10 years.
- (vi) Mr. Li Jian has executed an irrevocable power of attorney dated 3 June 2004 granting a nominated employee of ECLink Shenzhen full power and authority to exercise all of their shareholders' rights with respect to his respective interests in Beijing Guojiatong.

* According to the legal opinion of Commerce and Finance Law Offices, the agreements and powers of attorney mentioned in (i) to (vi) above taken both individually and together as a whole do not result in a breach of any provisions of the respective articles of association of Beijing Guojiatong and ECLink Shenzhen, and do not contravene any existing applicable laws or regulations or public policy in the PRC, and such agreements or powers of attorney are not prohibited under existing applicable laws and regulations in the PRC.

(c) **Option Deed in relation to CETV Shares**

1. Grant of options

- (a) Pursuant to the Option Deed, TOM TV granted to TBSAP an irrevocable and exclusive right to acquire from TOM TV all or part of the CETV Shares then held by it during a period commencing on and from the first day immediately following the expiry of the thirty month after 15 September 2003 and ending on 30 June 2007 (the “First Call Period”) upon the terms and conditions as set out in the Option Deed (the “First Call Option”). Unless withdrawn in accordance with the terms of the Option Deed, the First Call Option may only be exercised once.
- (b) TOM TV also granted to TBSAP an irrevocable and exclusive right to acquire from TOM TV all or part of the CETV Shares then held by it as at the following dates (each a “Fixed Date”), and if any of such dates is not a Business Day, the next Business Day immediately following such date:
- (i) 1 July 2007;
 - (ii) 1 July 2008;
 - (iii) 1 July 2009; and
 - (iv) 1 July 2010;

upon the terms and conditions as set out in the Option Deed (the “Fixed Call Option”). The Fixed Call Option may only be exercised on the Fixed Dates.

For the purpose of the Option Deed, “Business Day” means a day (other than a Saturday or Sunday) on which banks are generally open for normal business in Hong Kong, London and Atlanta, excluding any day during which typhoon signal number 8 (or higher) or the black rainstorm warning is hoisted (and is not lowered by 0900 (Hong Kong time) in Hong Kong).

2. Exercise price

- (a) The exercise price of the First Call Option will be the higher of:
- (i) the equity value of such number of the CETV Shares being acquired by TBSAP pursuant to its exercise of the First Call Option to be determined after taking into consideration certain factors affecting this fair market value (the “First Call Option Shares”); and
 - (ii) not less than 50% of the internal rate of return of the First Call Option Shares.

The Directors are of the opinion that the First Call Option, if exercised, will be beneficial to and in the interest of the TOM Group as a whole.

- (b) The exercise price of the Fixed Call Option will be the higher of:
 - (i) the equity value of such number of the CETV Shares being acquired by TBSAP pursuant to the Fixed Call Option to be determined after taking into consideration certain factors affecting this fair market value (the “Fixed Call Option Shares”); and
 - (ii) not less than 20% of the internal rate of return of the Fixed Call Option Shares.

The Directors are of the opinion that the Fixed Call Option, if exercised, will be beneficial to and in the interest of the TOM Group as a whole.

3. *Put options*

In the event that TBSAP exercises the First Call Option or the Fixed Call Option (as the case may be) to acquire part (and not all) of the CETV Shares held by TOM TV, TOM TV has the right to require TBSAP to acquire all of its remaining CETV Shares (“Put Option”) at the same exercise price of the First Call Option or the Fixed Call Option (as the case may be).

4. *Lapse of options*

Unless previously exercised:

- (a) the First Call Option will lapse at 5:30 p.m. (Hong Kong time) on 30 June 2007;
- (b) the Fixed Call Option will lapse at 5:30 p.m. on 1 July 2010 (or, if such date is not a Business Day, the next Business Day immediately following such date);
- (c) if TOM TV shall have sold all or part of the TOM Sale Shares to a bona fide third party purchaser (which is not a member of the TOM Group) pursuant to a shareholders deed dated 15 September 2003 entered into between TOM TV, TBSAP, CETV, the Company and TBS (the “Shareholders’ Deed”):
 - (i) before the Funding Longstop Date (as defined in the Option Deed), all the First Call Option and the Fixed Call Option (the “Options”) in respect of such TOM Sale Shares will immediately lapse on the Funding Longstop Date; or
 - (ii) after the Funding Longstop Date, all Options in respect of such TOM Sale Shares will immediately lapse upon completion of the transfer of such TOM Sale Shares to the relevant bona fide third party purchaser; and
- (d) all Options will lapse upon the transfer of all CETV Shares held by TOM TV to TBSAP pursuant to the exercise of the Options by TBSAP and/or the Put Option by TOM TV or pursuant to the Shareholders Deed.

(d) Intellectual property

(i) Trade/service marks

As at the Latest Practicable Date, the TOM Group has the following pending applications or has been granted the registered using right to use the following trade marks and service marks which are material in relation to the TOM Group's business:

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Australia	16	928878	30 Sep 2002 to 30 Sep 2012	Registered
	Australia	9, 35, 36, 37, 41, 42	840502	27 Jun 2000 to 27 Jun 2010	Registered
	Australia	9, 35, 36, 37, 41, 42	840501	27 Jun 2000 to 27 Jun 2010	Registered
	Australia	9, 35, 36, 37, 41, 42	840500	27 Jun 2000 to 27 Jun 2010	Registered
TOM ONLINE PAYMENT	Australia	9, 16, 35, 36, 42	840490	27 Jun 2000 to 27 Jun 2010	Registered
TOM ONLINE PAYMENT SYSTEM	Australia	9, 16, 35, 36, 42	840488	27 Jun 2000 to 27 Jun 2010	Registered
	Australia	9, 16, 35, 36, 37, 38, 41, 42	988829	12 Feb 2004	Pending
	Benelux	9, 16, 35, 36, 37, 38, 41, 42	722291	18 Oct 2002 to 18 Oct 2012	Registered
	Benelux	9, 16, 35, 36, 37, 38, 41, 42	1049946	16 Feb 2004	Pending
	Canada	9, 35, 36, 38, 39, 41, 42	1062131	06 Jun 2000	Pending

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Canada	9, 16, 35	1154835	03 Oct 2002	Pending
	Canada	9, 35, 36, 37, 38, 41, 42	1040454	20 Dec 1999	Pending
tom®	Canada	9, 35, 36, 37, 38, 41, 42	1040453	20 Dec 1999	Pending
	Canada	9, 35, 36, 37, 38, 41, 42	1040455	20 Dec 1999	Pending
	Canada	9, 16, 35, 36, 37, 38, 41, 42	1208216	25 Feb 2004	Pending
	France	9, 16, 35, 36, 37, 38, 41, 42	023189154	16 Oct 2002 to 16 Oct 2012	Registered
	France	9, 16, 35, 36, 37, 38, 41, 42	043273622	13 Feb 2004	Pending
A ChinaTom 中國通 B CHINATOM 中國通	Hong Kong	35	2001B01833	18 Aug 1999 to 18 Aug 2006	Registered
A ChinaTom 中國通 B CHINATOM 中國通	Hong Kong	36	2001B01834	18 Aug 1999 to 18 Aug 2006	Registered
A ChinaTom 中國通 B CHINATOM 中國通	Hong Kong	38	2003B05687	18 Aug 1999 to 18 Aug 2006	Registered
A ChinaTom 中國通 B CHINATOM 中國通	Hong Kong	41	2001B01835	18 Aug 1999 to 18 Aug 2006	Registered
A ChinaTom 中國通 B CHINATOM 中國通	Hong Kong	42	2001B01836	18 Aug 1999 to 18 Aug 2006	Registered
A ChinaTom 中國通 B CHINATOM 中國通	Hong Kong	9	2001B01832	18 Aug 1999 to 18 Aug 2006	Registered
	Hong Kong	35	2003B05373	19 May 2000 to 19 May 2007	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Hong Kong	36	2003B05374	19 May 2000 to 19 May 2007	Registered
	Hong Kong	38	2003B05375	19 May 2000 to 19 May 2007	Registered
	Hong Kong	39	2003B05376	19 May 2000 to 19 May 2007	Registered
	Hong Kong	41	2003B05377	19 May 2000 to 19 May 2007	Registered
	Hong Kong	42	2003B05378	19 May 2000 to 19 May 2007	Registered
	Hong Kong	9	2003B05372	19 May 2000 to 19 May 2007	Registered
	Hong Kong	16	2003B15295	23 Sep 2002 to 23 Sep 2009	Registered
	Hong Kong	35	2002B11355	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	35	2003B15294	23 Sep 2002 to 23 Sep 2009	Registered
	Hong Kong	36	2002B11356	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	37	2002B11357	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	38	2002B11358	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	41	2002B11359	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	42	2002B11360	15 Dec 1999 to 15 Dec 2006	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Hong Kong	9	2002B11354	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	35	2002B11349	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	36	2002B09504	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	37	2002B11350	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	38	2002B11351	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	41	2002B11352	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	42	2002B11353	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	9	2002B11348	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	35	2002B11343	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	36	2002B09503	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	37	2002B11344	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	38	2002B11345	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	41	2002B11346	15 Dec 1999 to 15 Dec 2006	Registered
	Hong Kong	42	2002B11347	15 Dec 1999 to 15 Dec 2006	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Hong Kong	9	2002B11342	15 Dec 1999 to 15 Dec 2006	Registered
A TOM 互聯網集團 B TOM 互联网集团	Hong Kong	9, 16, 35, 36, 37, 38, 39, 41, 42, 45	300185977	27 Mar 2004	Pending
A tom在線 B tom在线	Hong Kong	9, 16, 35, 36, 37, 38, 39, 41, 42, 45	300151802	03 Feb 2004	Pending
TOM MEDIA	Hong Kong	35	2003B00789	15 Mar 2001 to 15 Mar 2008	Registered
TOM MEDIA	Hong Kong	36	2003B00790	15 Mar 2001 to 15 Mar 2008	Registered
TOM MEDIA	Hong Kong	37	2003B02785	15 Mar 2001 to 15 Mar 2008	Registered
TOM MEDIA	Hong Kong	38	2003B00791	15 Mar 2001 to 15 Mar 2008	Registered
TOM MEDIA	Hong Kong	41	2003B00792	15 Mar 2001 to 15 Mar 2008	Registered
TOM MEDIA	Hong Kong	42	2003B00793	15 Mar 2001 to 15 Mar 2008	Registered
TOM MEDIA	Hong Kong	9	2003B00788	15 Mar 2001 to 15 Mar 2008	Registered
	Hong Kong	9, 16, 35, 36, 37, 38, 41, 42	300158698	14 Feb 2004	Pending
A TomCast B TOMCAST	Hong Kong	35	200112964	25 Jan 2000 to 25 Jan 2007	Registered
A TomCast B TOMCAST	Hong Kong	36	200112965	25 Jan 2000 to 25 Jan 2007	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
A TomCast B TOMCAST	Hong Kong	37	200112966	25 Jan 2000 to 25 Jan 2007	Registered
A TomCast B TOMCAST	Hong Kong	38	200112967	25 Jan 2000 to 25 Jan 2007	Registered
A TomCast B TOMCAST	Hong Kong	41	200112968	25 Jan 2000 to 25 Jan 2007	Registered
A TomCast B TOMCAST	Hong Kong	42	200305842	25 Jan 2000 to 25 Jan 2007	Registered
A TomCast B TOMCAST	Hong Kong	9	200112963	25 Jan 2000 to 25 Jan 2007	Registered
	Japan	35, 41, 42	4536753	18 Jan 2002 to 18 Jan 2012	Registered
	Japan	41, 42	4540378	01 Feb 2002 to 01 Feb 2012	Registered
	Japan	35, 41, 42	4540377	01 Feb 2002 to 01 Feb 2012	Registered
	Japan	9, 16, 35, 36, 37, 38, 41, 42	2004-025426	18 Mar 2004	Pending
	South Korea	9, 35, 36, 38, 39, 41, 42	45-4429	28 Dec 2001 to 28 Dec 2011	Registered
T.O.P.	Macau	16	N/6487	23 Jan 2001 to 23 Jan 2008	Registered
T.O.P.	Macau	35	N/6489	23 Jan 2001 to 23 Jan 2008	Registered
T.O.P.	Macau	36	N/6490	23 Jan 2001 to 23 Jan 2008	Registered
T.O.P.	Macau	38	N/6492	23 Jan 2001 to 23 Jan 2008	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
T.O.P.	Macau	42	N/6493	23 Jan 2001 to 23 Jan 2008	Registered
T.O.P.	Macau	9	N/6486	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	35	N/6423	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	36	N/6424	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	38	N/6425	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	39	N/6426	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	41	N/6427	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	42	N/6428	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	9	N/6422	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	16	N/010819	09 Apr 2003 to 09 Apr 2010	Registered
	Macau	35	N/5395	17 Oct 2000 to 17 Oct 2007	Registered
	Macau	35	N/010820	09 Apr 2003 to 09 Apr 2010	Registered
	Macau	36	N/5398	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	37	N/5401	23 Jan 2001 to 23 Jan 2008	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Macau	38	N/5404	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	41	N/5407	17 Oct 2000 to 17 Oct 2007	Registered
	Macau	42	N/5410	17 Oct 2000 to 17 Oct 2007	Registered
	Macau	9	N/5392	17 Oct 2000 to 17 Oct 2007	Registered
	Macau	9	N/010818	09 Apr 2003 to 09 Apr 2010	Registered
tom®	Macau	35	N/5396	17 Oct 2000 to 17 Oct 2007	Registered
tom®	Macau	36	N/5399	23 Jan 2001 to 23 Jan 2008	Registered
tom®	Macau	37	N/5402	23 Jan 2001 to 23 Jan 2008	Registered
tom®	Macau	38	N/5405	23 Jan 2001 to 23 Jan 2008	Registered
tom®	Macau	41	N/5408	17 Oct 2000 to 17 Oct 2007	Registered
tom®	Macau	42	N/5412	17 Oct 2000 to 17 Oct 2007	Registered
tom®	Macau	9	N/5393	17 Oct 2000 to 17 Oct 2007	Registered
	Macau	35	N/5397	17 Oct 2000 to 17 Oct 2007	Registered
	Macau	36	N/5400	23 Jan 2001 to 23 Jan 2008	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Macau	37	N/5403	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	38	N/5406	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	41	N/5409	17 Oct 2000 to 17 Oct 2007	Registered
	Macau	42	N/5411	17 Oct 2000 to 17 Oct 2007	Registered
	Macau	9	N/5394	17 Oct 2000 to 17 Oct 2007	Registered
Tom 互联网集团	Macau	16	N/13475	31 Mar 2004	Pending
Tom 互联网集团	Macau	35	N/13476	31 Mar 2004	Pending
Tom 互联网集团	Macau	36	N/13477	31 Mar 2004	Pending
Tom 互联网集团	Macau	37	N/13478	31 Mar 2004	Pending
Tom 互联网集团	Macau	38	N/13479	31 Mar 2004	Pending
Tom 互联网集团	Macau	39	N/13480	31 Mar 2004	Pending
Tom 互联网集团	Macau	41	N/13481	31 Mar 2004	Pending
Tom 互联网集团	Macau	42	N/13482	31 Mar 2004	Pending
Tom 互联网集团	Macau	9	N/13474	31 Mar 2004	Pending
TOM Online Payment	Macau	16	N/6462	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment	Macau	35	N/6465	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment	Macau	36	N/6466	23 Jan 2001 to 23 Jan 2008	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOM Online Payment	Macau	38	N/6470	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment	Macau	42	N/6473	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment	Macau	9	N/6460	23 Jan 2001 to 23 Jan 2008	Registered
Tom Online Payment	Macau	16	N/6458	23 Jan 2001 to 23 Jan 2008	Registered
Tom Online Payment	Macau	35	N/6459	23 Jan 2001 to 23 Jan 2008	Registered
Tom Online Payment	Macau	36	N/6461	23 Jan 2001 to 23 Jan 2008	Registered
Tom Online Payment	Macau	38	N/6463	23 Jan 2001 to 23 Jan 2008	Registered
Tom Online Payment	Macau	42	N/6464	23 Jan 2001 to 23 Jan 2008	Registered
Tom Online Payment	Macau	9	N/6457	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment System	Macau	16	N/6468	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment System	Macau	35	N/6469	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment System	Macau	36	N/6471	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment System	Macau	38	N/6472	23 Jan 2001 to 23 Jan 2008	Registered
TOM Online Payment System	Macau	42	N/6474	23 Jan 2001 to 23 Jan 2008	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOM Online Payment System	Macau	9	N/6467	23 Jan 2001 to 23 Jan 2008	Registered
 tom.com	Macau	16	N/13103	17 Feb 2004	Pending
 tom.com	Macau	35	N/13104	17 Feb 2004	Pending
 tom.com	Macau	36	N/13105	17 Feb 2004	Pending
 tom.com	Macau	37	N/13106	17 Feb 2004	Pending
 tom.com	Macau	38	N/13107	17 Feb 2004	Pending
 tom.com	Macau	41	N/13108	17 Feb 2004	Pending
 tom.com	Macau	42	N/13109	17 Feb 2004	Pending
 tom.com	Macau	9	N/13102	17 Feb 2004	Pending
tom在線	Macau	16	N/13038	17 Feb 2004	Pending
tom在線	Macau	35	N/13039	17 Feb 2004	Pending
tom在線	Macau	36	N/13040	17 Feb 2004	Pending
tom在線	Macau	37	N/13041	17 Feb 2004	Pending
tom在線	Macau	38	N/13042	17 Feb 2004	Pending
tom在線	Macau	39	N/13043	17 Feb 2004	Pending
tom在線	Macau	41	N/13044	17 Feb 2004	Pending
tom在線	Macau	42	N/13045	17 Feb 2004	Pending
tom在線	Macau	9	N/13037	17 Feb 2004	Pending
tom在线	Macau	16	N/13047	17 Feb 2004	Pending
tom在线	Macau	35	N/13048	17 Feb 2004	Pending

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
tom在线	Macau	36	N/13049	17 Feb 2004	Pending
tom在线	Macau	37	N/13050	17 Feb 2004	Pending
tom在线	Macau	38	N/13051	17 Feb 2004	Pending
tom在线	Macau	39	N/13052	06 Mar 2004	Pending
tom在线	Macau	41	N/13053	06 Mar 2004	Pending
tom在线	Macau	42	N/13054	06 Mar 2004	Pending
tom在线	Macau	9	N/13046	06 Mar 2004	Pending
TOP	Macau	16	N/6494	23 Jan 2001 to 23 Jan 2008	Registered
TOP	Macau	35	N/6495	23 Jan 2001 to 23 Jan 2008	Registered
TOP	Macau	36	N/6497	23 Jan 2001 to 23 Jan 2008	Registered
TOP	Macau	38	N/6496	23 Jan 2001 to 23 Jan 2008	Registered
TOP	Macau	42	N/6498	23 Jan 2001 to 23 Jan 2008	Registered
TOP	Macau	9	N/6491	23 Jan 2001 to 23 Jan 2008	Registered
TOP Payment System	Macau	16	N/6477	23 Jan 2001 to 23 Jan 2008	Registered
TOP Payment System	Macau	35	N/6480	23 Jan 2001 to 23 Jan 2008	Registered
TOP Payment System	Macau	36	N/6482	23 Jan 2001 to 23 Jan 2008	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOP Payment System	Macau	38	N/6485	23 Jan 2001 to 23 Jan 2008	Registered
TOP Payment System	Macau	42	N/6488	23 Jan 2001 to 23 Jan 2008	Registered
TOP Payment System	Macau	9	N/6475	23 Jan 2001 to 23 Jan 2008	Registered
Top Payment System	Macau	16	N/6478	23 Jan 2001 to 23 Jan 2008	Registered
Top Payment System	Macau	35	N/6479	23 Jan 2001 to 23 Jan 2008	Registered
Top Payment System	Macau	36	N/6481	23 Jan 2001 to 23 Jan 2008	Registered
Top Payment System	Macau	38	N/6483	23 Jan 2001 to 23 Jan 2008	Registered
Top Payment System	Macau	42	N/6484	23 Jan 2001 to 23 Jan 2008	Registered
Top Payment System	Macau	9	N/6476	23 Jan 2001 to 23 Jan 2008	Registered
T.O.P.	Malaysia	16	2000/10034	26 Jul 2000	Pending
	Malaysia	16	2002/12798	15 Oct 2002	Pending
	Malaysia	35	2000/10038	26 Jul 2000	Pending
	Malaysia	36	00010037	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	37	00010036	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	38	00010039	26 Jul 2000 to 26 Jul 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Malaysia	41	2000/10040	26 Jul 2000	Pending
	Malaysia	42	2000/10041	26 Jul 2000	Pending
	Malaysia	9	00010060	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	35	2000/10043	26 Jul 2000	Pending
	Malaysia	36	00010044	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	37	00010053	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	38	00010054	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	41	00010055	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	42	2000/10056	26 Jul 2000	Pending
	Malaysia	9	00010042	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	35	2000/10058	26 Jul 2000	Pending
	Malaysia	36	00010059	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	37	00010029	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	38	00010030	26 Jul 2000 to 26 Jul 2010	Registered
	Malaysia	41	2000/10031	26 Jul 2000	Pending

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Malaysia	42	2000/10032	26 Jul 2000	Pending
	Malaysia	9	00010057	26 Jul 2000 to 26 Jul 2010	Registered
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Malaysia	16	2000/10049	26 Jul 2000	Pending
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Malaysia	36	2000/10051	26 Jul 2000	Pending
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Malaysia	38	00010052	26 Jul 2000 to 26 Jul 2010	Registered
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Malaysia	42	2000/10072	26 Jul 2000	Pending
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Malaysia	9	00010048	26 Jul 2000 to 26 Jul 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Malaysia	16	00010074	26 Jul 2000 to 26 Jul 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Malaysia	36	00010063	26 Jul 2000 to 26 Jul 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Malaysia	38	00010064	26 Jul 2000 to 26 Jul 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Malaysia	42	2000/10065	26 Jul 2000	Pending
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Malaysia	9	00010073	26 Jul 2000 to 26 Jul 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Malaysia	16	2004-02048	25 Feb 2004	Pending
	Malaysia	35	2004-02049	25 Feb 2004	Pending
	Malaysia	36	2004-02050	25 Feb 2004	Pending
	Malaysia	37	2004-02051	25 Feb 2004	Pending
	Malaysia	38	2004-02052	25 Feb 2004	Pending
	Malaysia	41	2004-02053	25 Feb 2004	Pending
	Malaysia	42	2004-02046	25 Feb 2004	Pending
	Malaysia	9	2004-02047	25 Feb 2004	Pending
TOP PAYMENT SYSTEM TOP Payment System Top Payment System	Malaysia	35	2000/10069	26 Jul 2000	Pending
TOP PAYMENT SYSTEM TOP Payment System Top Payment System	Malaysia	9	00010067	26 Jul 2000 to 26 Jul 2010	Registered
TomCast	PRC	35	1527926	21 Feb 2001 to 20 Feb 2011	Registered
TomCast	PRC	36	1515884	28 Jan 2001 to 27 Jan 2011	Registered
TomCast	PRC	37	1523978	14 Feb 2001 to 13 Feb 2011	Registered
TomCast	PRC	38	1723580	28 Feb 2002 to 27 Feb 2012	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TomCast	PRC	41	1515947	28 Jan 2001 to 27 Jan 2011	Registered
TomCast	PRC	42	1539895	14 Mar 2001 to 13 Mar 2011	Registered
TomCast	PRC	9	1598443	07 Jul 2001 to 06 Jul 2011	Registered
汤先生	PRC	35	1591722	21 Jun 2001 to 20 Jun 2011	Registered
汤先生	PRC	36	1507882	14 Jan 2001 to 13 Jan 2011	Registered
汤先生	PRC	37	1511894	21 Jan 2001 to 20 Jan 2011	Registered
汤先生	PRC	38	1723578	28 Feb 2002 to 27 Feb 2012	Registered
汤先生	PRC	41	1511836	21 Jan 2001 to 20 Jan 2011	Registered
汤先生	PRC	42	1535973	07 Mar 2001 to 06 Mar 2011	Registered
汤先生	PRC	9	1767789	14 May 2002 to 13 May 2012	Registered
	PRC	35	1754261	21 Apr 2002 to 20 Apr 2012	Registered
	PRC	36	2000080658	08 Jun 2000	Pending
	PRC	38	2000080659	08 Jun 2000	Pending
	PRC	39	1963739	14 Oct 2003 to 13 Oct 2013	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	PRC	41	1769417	14 May 2002 to 13 May 2012	Registered
	PRC	42	1789976	14 Jun 2002 to 13 Jun 2012	Registered
	PRC	9	1654362	21 Oct 2001 to 20 Oct 2011	Registered
	PRC	16	3322235	27 Sep 2002	Pending
	PRC	41	3322234	28 Dec 2003 to 27 Dec 2013	Registered
	PRC	35	1499371	28 Dec 2000 to 27 Dec 2010	Registered
	PRC	36	1491635	14 Dec 2000 to 13 Dec 2010	Registered
	PRC	37	1499788	28 Dec 2000 to 27 Dec 2010	Registered
	PRC	38	1491846	14 Dec 2000 to 13 Dec 2010	Registered
	PRC	41	1491525	14 Dec 2000 to 13 Dec 2010	Registered
	PRC	9	1772887	21 May 2002 to 20 May 2012	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
TOM MEDIA	PRC	35	1946800	21 Dec 2002 to 20 Dec 2012	Registered
TOM MEDIA	PRC	36	1947493	28 Nov 2002 to 27 Nov 2012	Registered
TOM MEDIA	PRC	37	1948535	21 Mar 2003 to 20 Mar 2013	Registered
TOM MEDIA	PRC	38	1959056	7 Oct 2002 to 6 Oct 2012	Registered
TOM MEDIA	PRC	41	1950442	7 Jan 2003 to 6 Jan 2013	Registered
TOM MEDIA	PRC	42	1961776	7 Jan 2003 to 6 Jan 2013	Registered
TOM MEDIA	PRC	9	2001041374	22 Mar 2001	Pending
TOM Online Payment	PRC	16	1668792	21 Nov 2001 to 20 Nov 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOM Online Payment	PRC	35	1804468	07 Jul 2002 to 06 Jul 2012	Registered
TOM Online Payment	PRC	36	1727526	07 Mar 2002 to 06 Mar 2012	Registered
TOM Online Payment	PRC	9	2000098599	06 Jul 2000	Pending
Tom Online Payment	PRC	16	1668788	21 Nov 2001 to 20 Nov 2011	Registered
Tom Online Payment	PRC	35	1804495	07 Jul 2002 to 06 Jul 2012	Registered
Tom Online Payment	PRC	36	1727527	07 Mar 2002 to 06 Mar 2012	Registered
Tom Online Payment	PRC	9	2000098585	06 Jul 2000	Pending
TOM Online Payment System	PRC	16	1668789	21 Nov 2001 to 20 Nov 2011	Registered
TOM Online Payment System	PRC	35	1804467	07 Jul 2002 to 06 Jul 2012	Registered
TOM Online Payment System	PRC	36	1727525	07 Mar 2002 to 06 Mar 2012	Registered
TOM Online Payment System	PRC	9	2000098591	06 Jul 2000	Pending
TOP	PRC	16	2000098578	06 Jul 2000	Pending
TOP Payment System	PRC	16	1668790	21 Nov 2001 to 20 Nov 2011	Registered
Top Payment System	PRC	16	1668791	21 Nov 2001 to 20 Nov 2011	Registered
T.O.P.	Singapore	16	T00/11363B	30 Jun 2000 to 30 Jun 2010	Registered
T.O.P.	Singapore	35	T00/11364J	30 Jun 2000 to 30 Jun 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
T.O.P.	Singapore	36	T00/11365I	30 Jun 2000 to 30 Jun 2010	Registered
T.O.P.	Singapore	38	T00/11366G	30 Jun 2000 to 30 Jun 2010	Registered
T.O.P.	Singapore	42	T00/11367E	30 Jun 2000 to 30 Jun 2010	Registered
T.O.P.	Singapore	9	T00/11362D	30 Jun 2000 to 30 Jun 2010	Registered
湯先生 汤先生	Singapore	35	T00/02857J	24 Feb 2000 to 24 Feb 2010	Registered
湯先生 汤先生	Singapore	36	T00/02858I	24 Feb 2000 to 24 Feb 2010	Registered
湯先生 汤先生	Singapore	37	T00/02859G	24 Feb 2000 to 24 Feb 2010	Registered
湯先生 汤先生	Singapore	38	T00/02860J	24 Feb 2000 to 24 Feb 2010	Registered
湯先生 汤先生	Singapore	41	T00/02861I	24 Feb 2000 to 24 Feb 2010	Registered
湯先生 汤先生	Singapore	42	T00/02862G	24 Feb 2000 to 24 Feb 2010	Registered
湯先生 汤先生	Singapore	9	T00/02856B	24 Feb 2000 to 24 Feb 2010	Registered
	Singapore	35	T00/09248A	31 May 2000 to 31 May 2010	Registered
	Singapore	36	T00/09249Z	31 May 2000 to 31 May 2010	Registered
	Singapore	38	T00/09250C	31 May 2000 to 31 May 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Singapore	39	T00/09251A	31 May 2000 to 31 May 2010	Registered
	Singapore	41	T00/09252Z	31 May 2000 to 31 May 2010	Registered
	Singapore	42	T00/09253H	31 May 2000 to 31 May 2010	Registered
	Singapore	9	T00/09247C	31 May 2000 to 31 May 2010	Registered
	Singapore	16	T02/15214G	03 Oct 2002 to 03 Oct 2012	Registered
	Singapore	35	T99/15391G	24 Dec 1999 to 24 Dec 2009	Registered
	Singapore	36	T99/15392E	24 Dec 1999 to 24 Dec 2009	Registered
	Singapore	37	T99/15393C	24 Dec 1999 to 24 Dec 2009	Registered
	Singapore	38	T99/15394A	24 Dec 1999 to 24 Dec 2009	Registered
	Singapore	41	T99/15395Z	24 Dec 1999 to 24 Dec 2009	Registered
	Singapore	42	T99/15396H	24 Dec 1999 to 24 Dec 2009	Registered
	Singapore	9	T99/15390I	24 Dec 1999 to 24 Dec 2009	Registered
	Singapore	35	T99/15398D	24 Dec 1999 to 24 Dec 2009	Registered
	Singapore	36	T99/15399B	24 Dec 1999 to 24 Dec 2009	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
tom ®	Singapore	37	T99/15400Z	24 Dec 1999 to 24 Dec 2009	Registered
tom ®	Singapore	38	T99/15401H	24 Dec 1999 to 24 Dec 2009	Registered
tom ®	Singapore	41	T99/15402F	24 Dec 1999 to 24 Dec 2009	Registered
tom ®	Singapore	42	T99/15403D	24 Dec 1999 to 24 Dec 2009	Registered
tom ®	Singapore	9	T99/15397F	24 Dec 1999 to 24 Dec 2009	Registered
 tom	Singapore	35	T99/15384D	24 Dec 1999 to 24 Dec 2009	Registered
 tom	Singapore	36	T99/15385B	24 Dec 1999 to 24 Dec 2009	Registered
 tom	Singapore	37	T99/15386J	24 Dec 1999 to 24 Dec 2009	Registered
 tom	Singapore	38	T99/15387I	24 Dec 1999 to 24 Dec 2009	Registered
 tom	Singapore	41	T99/15388G	24 Dec 1999 to 24 Dec 2009	Registered
 tom	Singapore	42	T99/15389E	24 Dec 1999 to 24 Dec 2009	Registered
 tom	Singapore	9	T99/15383F	24 Dec 1999 to 24 Dec 2009	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Singapore	16	T00/11369A	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Singapore	35	T00/11370E	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Singapore	36	T00/11371C	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Singapore	38	T00/11372A	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Singapore	42	T00/11373Z	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment	Singapore	9	T00/11368C	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Singapore	16	T00/11375F	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Singapore	35	T00/11376D	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Singapore	36	T00/11377B	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Singapore	38	T00/11378J	30 Jun 2000 to 30 Jun 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Singapore	42	T00/11379I	30 Jun 2000 to 30 Jun 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System	Singapore	9	T00/11374H	30 Jun 2000 to 30 Jun 2010	Registered
 tom.com	Singapore	16	T04/01775A	11 Feb 2004 to 11 Feb 2014	Registered
 tom.com	Singapore	35	T04/01776Z	11 Feb 2004 to 11 Feb 2014	Registered
 tom.com	Singapore	36	T04/01777H	11 Feb 2004	Pending
 tom.com	Singapore	37	T04/01778F	11 Feb 2004	Pending
 tom.com	Singapore	38	T04/01779D	11 Feb 2004	Pending
 tom.com	Singapore	41	T04/01780H	11 Feb 2004	Pending
 tom.com	Singapore	42	T04/01781F	11 Feb 2004	Pending
 tom.com	Singapore	9	T04/01774C	11 Feb 2004	Pending
TOP Top	Singapore	38	T00/11384E	30 Jun 2000 to 30 Jun 2010	Registered
TOP PAYMENT SYSTEM TOP Payment System Top Payment System	Singapore	16	T00/11387Z	30 Jun 2000 to 30 Jun 2010	Registered
TOP PAYMENT SYSTEM TOP Payment System Top Payment System	Singapore	35	T00/11388H	30 Jun 2000 to 30 Jun 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOP PAYMENT SYSTEM TOP Payment System Top Payment System	Singapore	38	T00/11390Z	30 Jun 2000 to 30 Jun 2010	Registered
TOP PAYMENT SYSTEM TOP Payment System Top Payment System	Singapore	42	T00/11391H	30 Jun 2000 to 30 Jun 2010	Registered
TOP PAYMENT SYSTEM TOP Payment System Top Payment System	Singapore	9	T00/11386A	30 Jun 2000 to 30 Jun 2010	Registered
T.O.P.	Taiwan	36	150503	16 Oct 2001 to 30 Sep 2011	Registered
T.O.P.	Taiwan	38	156211	01 Jan 2002 to 15 Dec 2011	Registered
湯先生	Taiwan	35	138215	16 Feb 2001 to 15 Feb 2011	Registered
湯先生	Taiwan	36	144131	16 Jun 2001 to 15 Jun 2011	Registered
湯先生	Taiwan	37	134440	16 Dec 2000 to 15 Dec 2010	Registered
湯先生	Taiwan	38	137281	01 Feb 2001 to 31 Jan 2011	Registered
湯先生	Taiwan	41	134797	16 Dec 2000 to 15 Dec 2010	Registered
湯先生	Taiwan	42	147038	01 Aug 2001 to 31 July 2011	Registered
湯先生	Taiwan	9	967679	01 Nov 2001 to 31 Oct 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Taiwan	35	153173	01 Dec 2001 to 30 Nov 2011	Registered
	Taiwan	36	163358	01 May 2002 to 30 Apr 2012	Registered
	Taiwan	38	154670	16 Dec 2001 to 15 Dec 2011	Registered
	Taiwan	39	163387	01 May 2002 to 30 Apr 2012	Registered
	Taiwan	41	151550	01 Nov 2001 to 31 Oct 2011	Registered
	Taiwan	42	158038	01 Feb 2002 to 31 Jan 2012	Registered
	Taiwan	9	994400	16 Apr 2002 to 15 Apr 2012	Registered
	Taiwan	16	1058031	16 Sep 2003 to 15 Sep 2013	Registered
	Taiwan	35	142218	01 May 2001 to 30 Apr 2011	Registered
	Taiwan	35	187002	16 Sep 2003 to 30 Apr 2011	Registered
	Taiwan	36	137180	01 Feb 2001 to 31 Jan 2011	Registered
	Taiwan	37	132546	16 Nov 2000 to 15 Nov 2010	Registered
	Taiwan	38	133658	01 Dec 2000 to 30 Nov 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Taiwan	41	132782	16 Nov 2000 to 15 Nov 2010	Registered
	Taiwan	42	146163	16 Jul 2001 to 15 Jul 2011	Registered
	Taiwan	9	1036669	16 Mar 2003 to 15 Mar 2013	Registered
	Taiwan	35	154198	16 Dec 2001 to 30 Apr 2011	Registered
	Taiwan	36	138429	16 Feb 2001 to 31 Jan 2011	Registered
	Taiwan	37	134475	16 Dec 2000 to 15 Nov 2010	Registered
	Taiwan	38	137311	01 Feb 2001 to 30 Nov 2010	Registered
	Taiwan	41	135984	01 Jan 2001 to 15 Nov 2010	Registered
	Taiwan	42	147064	01 Aug 2001 to 15 Jul 2011	Registered
	Taiwan	9	1040458	16 Apr 2003 to 15 Mar 2013	Registered
	Taiwan	35	154199	16 Dec 2001 to 30 Apr 2011	Registered
	Taiwan	36	139457	01 Mar 2001 to 31 Jan 2011	Registered
	Taiwan	37	134476	16 Dec 2000 to 15 Nov 2010	Registered
	Taiwan	38	137312	01 Feb 2001 to 30 Nov 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	Taiwan	41	135985	01 Jan 2001 to 15 Nov 2010	Registered
	Taiwan	42	147065	01 Aug 2001 to 15 Jul 2011	Registered
	Taiwan	9	1040459	16 Apr 2003 to 15 Mar 2013	Registered
Tom 互联网集团	Taiwan	9, 16, 35, 36, 37, 38, 39, 41, 42	93013121	25 Mar 2004	Pending
TOM Online Payment	Taiwan	16	998995	16 May 2002 to 15 May 2012	Registered
TOM Online Payment	Taiwan	35	163326	01 May 2002 to 30 Apr 2011	Registered
TOM Online Payment	Taiwan	36	152031	16 Nov 2001 to 31 Jan 2011	Registered
TOM Online Payment	Taiwan	38	156212	01 Jan 2002 to 30 Nov 2010	Registered
TOM Online Payment	Taiwan	42	151098	16 Oct 2001 to 15 Jul 2011	Registered
TOM Online Payment	Taiwan	9	1040461	16 Apr 2003 to 15 Mar 2013	Registered
TOM Online Payment	Taiwan	16	1007794	16 Jul 2002 to 15 May 2012	Registered
TOM Online Payment	Taiwan	35	163327	01 May 2002 to 30 Apr 2011	Registered
TOM Online Payment	Taiwan	36	152032	16 Nov 2001 to 31 Jan 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOM Online Payment	Taiwan	38	150681	16 Oct 2001 30 Nov 2010	Registered
TOM Online Payment	Taiwan	42	151099	16 Oct 2001 to 15 Jul 2011	Registered
TOM Online Payment	Taiwan	9	1040462	16 Apr 2003 to 15 Mar 2013	Registered
TOM Online Payment System	Taiwan	16	1007795	16 Jul 2002 to 15 May 2012	Registered
TOM Online Payment System	Taiwan	35	163328	01 May 2002 to 30 Apr 2011	Registered
TOM Online Payment System	Taiwan	36	152033	16 Nov 2001 to 31 Jan 2011	Registered
TOM Online Payment System	Taiwan	38	156213	01 Jan 2002 to 30 Nov 2010	Registered
TOM Online Payment System	Taiwan	42	151100	16 Oct 2001 to 15 Jul 2011	Registered
TOM Online Payment System	Taiwan	9	1040463	16 Apr 2003 to 15 Mar 2013	Registered
	Taiwan	9, 16, 35, 36, 37, 38, 41, 42	93005945	16 Feb 2004	Pending
tom在線	Taiwan	9, 16, 35, 36, 37, 38, 39, 41, 42	93003920	02 Feb 2004	Pending
tom在线	Taiwan	9, 16, 35, 36, 37, 38, 39, 41, 42	93003922	02 Feb 2004	Pending
TOP	Taiwan	36	149863	01 Oct 2001 to 30 Sep 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
TOP	Taiwan	38	154704	16 Dec 2001 to 15 Dec 2011	Registered
TOP Payment System	Taiwan	16	1004558	01 Jul 2002 to 30 Jun 2012	Registered
TOP Payment System	Taiwan	35	172453	16 Nov 2002 to 15 Nov 2012	Registered
TOP Payment System	Taiwan	36	154364	16 Dec 2001 to 30 Sep 2011	Registered
TOP Payment System	Taiwan	38	156214	01 Jan 2002 to 15 Dec 2011	Registered
TOP Payment System	Taiwan	42	160909	01 Mar 2002 to 29 Feb 2012	Registered
Top Payment System	Taiwan	16	1011654	16 Aug 2002 to 30 Jun 2012	Registered
Top Payment System	Taiwan	35	173758	01 Dec 2002 to 15 Nov 2012	Registered
Top Payment System	Taiwan	36	153521	01 Dec 2001 to 30 Sep 2011	Registered
Top Payment System	Taiwan	38	156215	01 Jan 2002 to 15 Dec 2011	Registered
Top Payment System	Taiwan	42	163142	16 Apr 2002 to 29 Feb 2012	Registered
湯先生	U.S.A.	9, 35, 36, 37, 38, 41, 42	2687792	18 Feb 2003 to 18 Feb 2013	Registered
	U.S.A.	9, 16	78/169031	29 Sep 2002	Pending
	U.S.A.	9, 16, 35, 36, 37, 38, 41, 42	75/879017	23 Dec 1999	Pending

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	U.S.A.	9, 38	76/093961	21 Jul 2000	Pending
	U.S.A.	9, 16, 35, 36, 37, 38, 41, 42	75/879016	23 Dec 1999	Pending
	U.S.A.	9, 38	76/093960	21 Jul 2000	Pending
	U.S.A.	9, 16, 35, 36, 37, 38, 41, 42	75/879014	23 Dec 1999	Pending
	U.S.A.	9, 38	76/093959	21 Jul 2000	Pending
TOM互联网集团	U.S.A.	9, 16, 35, 36, 37, 38, 39, 41, 42	78/405878	21 Apr 2004	Pending
TOM DOT COM	U.S.A.	38	75/820106	30 Oct 1999	Pending
TOM.COM	U.S.A.	38	75/820105	30 Oct 1999	Pending
	U.S.A.	9, 16, 35, 36, 37, 38, 41, 42	78/364886	09 Feb 2004	Pending
tom在 線	U.S.A.	9, 16, 35, 36, 37, 38, 39, 41, 42	78/359715	29 Jan 2004	Pending
tom在线	U.S.A.	9, 16, 35, 36, 37, 38, 39, 41, 42	78/359758	29 Jan 2004	Pending
T.O.P.	United Kingdom	9, 16, 35, 36, 38, 42	2237540	28 Jun 2000 to 28 Jun 2010	Registered
湯先生 汤先生	United Kingdom	9, 35, 36, 37, 38, 41, 42	2221261	03 Feb 2000 to 03 Feb 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: TOM Enterprises					
	United Kingdom	9, 35, 36, 38 39, 41, 42	2233669	24 May 2000 to 24 May 2010	Registered
	United Kingdom	9, 16, 35	2312048	01 Oct 2002	Pending
	United Kingdom	9, 35, 36, 37, 38, 41, 42	2217813	20 Dec 1999 to 20 Dec 2009	Registered
	United Kingdom	9, 35, 36, 37, 38, 41, 42	2217804	20 Dec 1999 to 20 Dec 2009	Registered
	United Kingdom	9, 35, 36, 37, 38, 41, 42	2217821	20 Dec 1999 to 20 Dec 2009	Registered
TOM ONLINE PAYMENT TOM Online Payment Tom Online Payment TOM ON-LINE PAYMENT TOM On-line Payment Tom On-line Payment	United Kingdom	9, 16, 35, 36, 38, 42	2237534	28 Jun 2000 to 28 Jun 2010	Registered
TOM ONLINE PAYMENT SYSTEM TOM Online Payment System Tom Online Payment System TOM ONLINE PAYMENT SYSTEM TOM Online Payment System Tom Online Payment System	United Kingdom	9, 16, 35, 36, 38, 42	2237531	28 Jun 2000 to 28 Jun 2010	Registered
	United Kingdom	9, 16, 35, 36, 37, 38, 41, 42	2355590	11 Feb 2004	Pending
TOP PAYMENT SYSTEM TOP Payment System Top Payment System	United Kingdom	9, 16, 35, 36, 38, 42	2237528	28 Jun 2000 to 28 Jun 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Sabara Enterprises Limited					
TOM.COM	Benelux	9, 38	200431	01 Nov 1999 to 01 Nov 2009	Registered
TOM	European Union (CTM)	35, 38, 41	3473361	29 Oct 2003	Pending
TOM DOT COM	European Union (CTM)	9, 38	1,366,194	29 Dec 1999 to 29 Dec 2009	Registered
TOM.COM	France	9, 38	1,366,152	01 Nov 1999	Pending
TOM.COM	United Kingdom	9, 38	2338790	01 Nov 1999	Pending

Registered owner/Applicant: Alexis Company Limited

 ECLink	Hong Kong	38	200100124	25 Nov 1998 to 25 Nov 2005	Registered
 ECLink					
 ECLink	Hong Kong	42	200014088	25 Nov 1998 to 25 Nov 2005	Registered
 ECLink					
 ECLink	Hong Kong	9	200014087	25 Nov 1998 to 25 Nov 2005	Registered
 ECLink					
 ECLink	Hong Kong	38	200007630	25 Nov 1998 to 25 Nov 2005	Registered
 ECLink					
 ECLink	Hong Kong	42	200014090	25 Nov 1998 to 25 Nov 2005	Registered
 ECLink					
 ECLink	Hong Kong	9	200014089	25 Nov 1998 to 25 Nov 2005	Registered
 ECLink					

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Alexis Company Limited					
A 易網通 B 易网通	Hong Kong	38	2000B03413	25 Nov 1998 to 25 Nov 2005	Registered
A 易網通 B 易网通	Hong Kong	42	2000B03414	25 Nov 1998 to 25 Nov 2005	Registered
A 易網通 B 易网通	Hong Kong	9	2000B03412	25 Nov 1998 to 25 Nov 2005	Registered
ECLink	PRC	38	1382948	07 Apr 2000 to 06 Apr 2010	Registered
ECLink	PRC	42	1388706	21 Apr 2000 to 20 Apr 2010	Registered
ECLink	PRC	9	1396487	14 May 2000 to 13 May 2010	Registered
 ECLink	PRC	38	1403880	28 May 2000 to 27 May 2010	Registered
 ECLink	PRC	42	1388839	21 Apr 2000 to 20 Apr 2010	Registered
 ECLink	PRC	9	1396488	14 May 2000 to 13 May 2010	Registered
	PRC	38	1382950	07 Apr 2000 to 06 Apr 2010	Registered
	PRC	42	1388817	21 Apr 2000 to 20 Apr 2010	Registered
	PRC	9	1396490	14 May 2000 to 13 May 2010	Registered
易网通	PRC	38	1382947	07 Apr 2000 to 06 Apr 2010	Registered
易网通	PRC	42	1391660	28 Apr 2000 to 27 Apr 2010	Registered
易网通	PRC	9	1396489	14 May 2000 to 13 May 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: CETV					
A 天下娱乐通 B 天下娛樂通	Hong Kong	16	2004B03754	22 Feb 2003 to 22 Feb 2010	Registered
A 天下娱乐通 B 天下娛樂通	Hong Kong	35	2004B03755	22 Feb 2003 to 22 Feb 2010	Registered
A 天下娱乐通 B 天下娛樂通	Hong Kong	41	2004B03756	22 Feb 2003 to 22 Feb 2010	Registered
A 天下娱乐通 B 天下娛樂通	Hong Kong	42	200302740	22 Feb 2003	Pending
A 天下娱乐通 B 天下娛樂通	Hong Kong	9	2004B03753	22 Feb 2003 to 22 Feb 2010	Registered
 天下娛樂通	Hong Kong	38	2003B01014	21 Mar 2001 to 21 Mar 2008	Registered
	Hong Kong	41	2004B03250	21 Mar 2001 to 21 Mar 2008	Registered
A 华娱亚洲之星票选 B 華娛亞洲之星票選	Hong Kong	16	300151046	04 Apr 2003 to 03 Apr 2013	Registered
A 华娱亚洲之星票选 B 華娛亞洲之星票選	Hong Kong	35	300151055	04 Apr 2003 to 03 Apr 2013	Registered
A 华娱亚洲之星票选 B 華娛亞洲之星票選	Hong Kong	38	300151064	04 Apr 2003 to 03 Apr 2013	Registered
A 华娱亚洲之星票选 B 華娛亞洲之星票選	Hong Kong	41, 42	200208568AA	04 Apr 2003	Pending
A 华娱亚洲之星票选 B 華娛亞洲之星票選	Hong Kong	9	300151037	04 Apr 2003 to 03 Apr 2013	Registered
INSIDE ENTERTAINMENT	Hong Kong	16	200302732	04 Apr 2003	Pending
INSIDE ENTERTAINMENT	Hong Kong	35	200302733	04 Apr 2003	Pending
INSIDE ENTERTAINMENT	Hong Kong	41	200302734	04 Apr 2003	Pending

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: CETV					
INSIDE ENTERTAINMENT	Hong Kong	42	200302735	04 Apr 2003	Pending
INSIDE ENTERTAINMENT	Hong Kong	9	200302731	04 Apr 2003	Pending
	PRC	38	1779291	28 May 2002 to 27 May 2012	Registered
	PRC	41	1985900	21 Nov 2002 to 20 Nov 2012	Registered
	PRC	42	1789780	14 Jun 2002 to 13 Jun 2012	Registered
华娱亚洲之星票选	PRC	35	3216250	21 Jan 2004 to 20 Jan 2014	Registered
华娱亚洲之星票选	PRC	38	3216249	21 Jan 2004 to 20 Jan 2014	Registered
华娱亚洲之星票选	PRC	41	3216248	21 Jan 2004 to 20 Jan 2014	Registered
天下娱乐通	PRC	9	3672744	13 Aug 2003	Pending
天下娱乐通	PRC	16	3672743	13 Aug 2003	Pending
天下娱乐通	PRC	35	3672742	13 Aug 2003	Pending
天下娱乐通	PRC	41	3472741	13 Aug 2003	Pending
天下娱乐通	PRC	42	3472740	13 Aug 2003	Pending
INSIDE ENTERTAINMENT	PRC	16	3672738	13 Aug 2003	Pending
INSIDE ENTERTAINMENT	PRC	35	3672737	13 Aug 2003	Pending
INSIDE ENTERTAINMENT	PRC	41	3672754	13 Aug 2003	Pending
INSIDE ENTERTAINMENT	PRC	42	3672753	13 Aug 2003	Pending
INSIDE ENTERTAINMENT	PRC	9	3672739	13 Aug 2003	Pending

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Network Travel Enterprises Limited					
	Hong Kong	35	200110610	19 May 2000 to 19 May 2007	Registered
	Hong Kong	36	200110611	19 May 2000 to 19 May 2007	Registered
	Hong Kong	38	200305243	19 May 2000 to 19 May 2007	Registered
	Hong Kong	39	200110612	19 May 2000 to 19 May 2007	Registered
	Hong Kong	41	200201587	19 May 2000 to 19 May 2007	Registered
	Hong Kong	42	200305244	19 May 2000 to 19 May 2007	Registered
	Hong Kong	9	200101357	19 May 2000 to 19 May 2007	Registered
A GOCHINAGO.COM B GUOCHINAGO.COM	Hong Kong	35	2002B02286	19 May 2000 to 19 May 2007	Registered
A GOCHINAGO.COM B GUOCHINAGO.COM	Hong Kong	36	2002B02287	19 May 2000 to 19 May 2007	Registered
A GOCHINAGO.COM B GUOCHINAGO.COM	Hong Kong	39	2002B02288	19 May 2000 to 19 May 2007	Registered
	PRC	35	1699519	14 Jan 2002 to 13 Jan 2012	Registered
	PRC	36	1695709	07 Jan 2002 to 06 Jan 2012	Registered
	PRC	38	1699817	14 Jan 2002 to 13 Jan 2012	Registered
	PRC	39	1764876	07 May 2002 to 06 May 2012	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Network Travel Enterprises Limited					
	PRC	41	1744892	07 Apr 2002 to 06 Apr 2012	Registered
	PRC	42	1789939	14 Jun 2002 to 13 Jun 2012	Registered
	PRC	9	1654361	21 Oct 2001 to 20 Oct 2011	Registered
GOCHINAGO.COM	PRC	35	1687525	21 Dec 2001 to 20 Dec 2011	Registered
GOCHINAGO.COM	PRC	36	1744343	07 Apr 2002 to 06 Apr 2012	Registered
GOCHINAGO.COM	PRC	38	1699816	14 Jan 2002 to 13 Jan 2012	Registered
GOCHINAGO.COM	PRC	39	1759951	28 Apr 2002 to 27 Apr 2012	Registered
GOCHINAGO.COM	PRC	41	1744893	07 Apr 2002 to 06 Apr 2012	Registered
GOCHINAGO.COM	PRC	42	1789938	14 Jun 2002 to 13 Jun 2012	Registered
 GOCHINAGO.COM The Travel Companion of TOM.COM	Singapore	35	T00/09241D	31 May 2000 to 31 May 2010	Registered
 GOCHINAGO.COM The Travel Companion of TOM.COM					
	South Korea	35, 36, 38, 39, 41, 42	45-4433	28 Dec 2001 to 28 Dec 2011	Registered
GOCHINAGO.COM	South Korea	9, 35, 36, 38, 39, 41, 42	45-4431	28 Dec 2001 to 28 Dec 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Network Travel Enterprises Limited					
GoCHINAgo.COM	South Korea	9, 35, 36, 38, 39, 41, 42	45-4430	28 Dec 2001 to 28 Dec 2011	Registered
 GoCHINAgo.COM The Travel Companion of TOM.COM	South Korea	9, 35, 36, 38, 39, 41, 42	45-4432	28 Dec 2001 to 28 Dec 2011	Registered
	Taiwan	35	154219	16 Dec 2001 to 31 Oct 2011	Registered
	Taiwan	36	156000	01 Jan 2002 to 15 Dec 2011	Registered
	Taiwan	38	156884	16 Jan 2002 to 31 Dec 2011	Registered
	Taiwan	39	156253	01 Jan 2002 to 15 Dec 2011	Registered
	Taiwan	41	152458	16 Nov 2001 to 31 Oct 2011	Registered
	Taiwan	42	157440	16 Jan 2002 to 15 Dec 2011	Registered
	Taiwan	9	994581	16 Apr 2002 to 15 Feb 2012	Registered
 GoCHINAgo.COM	Taiwan	35	151146	01 Nov 2001 to 31 Oct 2011	Registered
 GoCHINAgo.COM	Taiwan	36	154295	16 Dec 2001 to 15 Dec 2011	Registered
 GoCHINAgo.COM	Taiwan	38	156115	01 Jan 2002 to 31 Dec 2011	Registered
 GoCHINAgo.COM	Taiwan	39	154779	16 Dec 2001 to 15 Dec 2011	Registered
 GoCHINAgo.COM	Taiwan	41	151549	01 Nov 2001 to 31 Oct 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Network Travel Enterprises Limited					
 GUC+INAGO.COM	Taiwan	42	155067	16 Dec 2001 to 15 Dec 2011	Registered
 GUC+INAGO.COM	Taiwan	9	984384	16 Feb 2002 to 15 Feb 2012	Registered
GOCHINAGO.COM	Taiwan	35	154220	16 Dec 2001 to 31 Oct 2011	Registered
GOCHINAGO.COM	Taiwan	36	156001	01 Jan 2002 to 15 Dec 2011	Registered
GOCHINAGO.COM	Taiwan	38	156885	16 Jan 2002 to 31 Dec 2011	Registered
GOCHINAGO.COM	Taiwan	39	156254	01 Jan 2002 to 15 Dec 2011	Registered
GOCHINAGO.COM	Taiwan	41	152459	16 Nov 2001 to 31 Oct 2011	Registered
GOCHINAGO.COM	Taiwan	42	157441	16 Jan 2002 to 15 Dec 2011	Registered
GOCHINAGO.COM	Taiwan	9	994582	16 Apr 2002 to 15 Feb 2012	Registered
GUC+INAGO.COM	Taiwan	35	154218	16 Dec 2001 to 31 Oct 2011	Registered
GUC+INAGO.COM	Taiwan	36	155999	01 Jan 2002 to 15 Dec 2011	Registered
GUC+INAGO.COM	Taiwan	38	156883	16 Jan 2002 to 31 Dec 2011	Registered
GUC+INAGO.COM	Taiwan	39	156252	01 Jan 2002 to 15 Dec 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Network Travel Enterprises Limited					
GOCHINAGO.COM	Taiwan	41	152457	16 Nov 2001 to 31 Oct 2011	Registered
GOCHINAGO.COM	Taiwan	42	157439	16 Jan 2002 to 15 Dec 2011	Registered
GOCHINAGO.COM	Taiwan	9	994580	16 Apr 2002 to 15 Feb 2012	Registered
	Macau	35	N/6447	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	36	N/6449	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	38	N/6451	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	39	N/6452	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	41	N/6454	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	42	N/6456	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	9	N/6444	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	35	N/6430	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	36	N/6431	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	38	N/6432	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	39	N/6435	23 Jan 2001 to 23 Jan 2008	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Network Travel Enterprises Limited					
GOCHINAGO.COM	Macau	41	N/6437	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	42	N/6440	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	9	N/6429	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	35	N/6434	23 Jan 2001 to 23 Jan 2008	Registered
 GOCHINAGO.COM The Travel Companion of TOM.COM	Macau	41	N/6453	23 Jan 2001 to 23 Jan 2008	Registered
 GOCHINAGO.COM The Travel Companion of TOM.COM	Macau	42	N/6455	23 Jan 2001 to 23 Jan 2008	Registered
 GOCHINAGO.COM The Travel Companion of TOM.COM	Macau	9	N/6443	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	36	N/6436	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	38	N/6438	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	39	N/6439	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	41	N/6441	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	42	N/6442	23 Jan 2001 to 23 Jan 2008	Registered
GOCHINAGO.COM	Macau	9	N/6433	23 Jan 2001 to 23 Jan 2008	Registered
 GOCHINAGO.COM The Travel Companion of TOM.COM	Macau	35	N/6445	23 Jan 2001 to 23 Jan 2008	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Network Travel Enterprises Limited					
	Macau	36	N/6446	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	38	N/6448	23 Jan 2001 to 23 Jan 2008	Registered
	Macau	39	N/6450	23 Jan 2001 to 23 Jan 2008	Registered
Registered owner/Applicant: Cup					
^A ^B 茶杯	Hong Kong	16	200308260	12 Dec 2002 to 12 Dec 2009	Registered
^A ^B CUP	Hong Kong	16	200308261	12 Dec 2002 to 12 Dec 2009	Registered
	PRC	16	3401471	11 Dec 2002	Pending
	PRC	16	3401472	11 Dec 2002	Pending
	Taiwan	16	1073033	01 Dec 2003 to 30 Nov 2013	Registered
	Taiwan	16	1073032	01 Dec 2003 to 30 Nov 2013	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Super Channel Investment Limited (Now known as TOM Enterprises)					
	PRC	42	9900152449	16 Dec 1999	Pending
	PRC	9	1913521	14 Aug 2002 to 13 Aug 2012	Registered
tom®	PRC	35	1499372	28 Dec 2000 to 27 Dec 2010	Registered
tom®	PRC	36	1491631	14 Dec 2000 to 13 Dec 2010	Registered
tom®	PRC	37	1499790	28 Dec 2000 to 27 Dec 2010	Registered
tom®	PRC	38	1491847	14 Dec 2000 to 13 Dec 2010	Registered
tom®	PRC	41	1491526	14 Dec 2000 to 13 Dec 2010	Registered
tom®	PRC	42	9900152436	16 Dec 1999	Pending
	PRC	35	1499370	28 Dec 2000 to 27 Dec 2010	Registered
	PRC	36	1491634	14 Dec 2000 to 13 Dec 2010	Registered
	PRC	37	1499789	28 Dec 2000 to 27 Dec 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner/Applicant: Super Channel Investment Limited (Now known as TOM Enterprises)					
	PRC	38	1491848	14 Dec 2000 to 13 Dec 2010	Registered
	PRC	41	1491527	14 Dec 2000 to 13 Dec 2010	Registered
	PRC	42	9900152430	16 Dec 1999	Pending
	PRC	9	2016920	14 Aug 2002 to 13 Aug 2012	Registered

Registered owner: China Travel Network Company Limited

	PRC	38	1309817	28 Aug 1999 to 27 Aug 2009	Registered
	PRC	39	1307323	21 Aug 1999 to 20 Aug 2009	Registered
	PRC	42	1317359	21 Sept 1999 to 20 Sept 2009	Registered
	PRC	38	1309831	28 Aug 1999 to 27 Aug 2009	Registered
	PRC	39	1312376	07 Sept 1999 to 06 Sept 2009	Registered
	PRC	42	1314875	14 Sept 1999 to 13 Sept 2009	Registered

Registered owner: Chunyu JV

	PRC	35	3056466	14 May 2003 to 13 May 2013	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
Registered owner: Qilu JV					
	PRC	35	773042	07 Dec 1994 to 06 Dec 2004	Registered
Registered owner/Applicant: Fench Star					
风驰	PRC	35	3584103	26 June 2003	Pending
Fench	PRC	35	3584099	26 June 2003	Pending
	PRC	35	772511	28 Nov 1994 to 27 Nov 2004	Registered
FANCY 风驰	PRC	35	772537	28 Nov 1994 to 27 Nov 2004	Registered
Registered owner/Applicant: YZZK					
	Australia	16	861605	02 Jan 2001	Pending
YAZHOU ZHOUKAN	Australia	16	861604	02 Jan 2001	Pending
	Canada	16	TMA368,344	04 May 1990 to 04 May 2005	Registered
YAZHOU ZHOUKAN	Canada	16	TMA358,602	21 Jul 1989 to 21 Jul 2004	Registered
YAZHOU ZHOUKAN	Korea	16	0002353 in 2001	19 January 2001	Pending
	Korea	16	0002355 in 2001	19 January 2001	Pending
	Singapore	16	T9003255F	08 May 1990 to 08 May 2007	Registered
YAZHOU ZHOUKAN	Taiwan	16	89079323	29 December 2000	Pending

As at the Latest Practicable Date, the Taiwan companies within the TOM Group has made the following applications for the registration of or has been granted the registered using right to use the following trade marks/services marks which are material in relation to the TOM Group's business:

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
 遊戲基地	PRC	16	3280437	20 Aug 2002	Pending
 遊戲基地	PRC	35	3280436	20 Aug 2002	Pending
 遊戲基地	PRC	38	3280435	20 Aug 2002	Pending
 gamebase	PRC	16	3280434	20 Aug 2002	Pending
 gamebase	PRC	35	3280433	20 Aug 2002	Pending
 gamebase	PRC	38	3280462	20 Aug 2002	Pending
 網路遊戲週刊	PRC	16	3280442	20 Aug 2002	Pending
遊樂器玩家	PRC	16	3402810	12 Dec 2002	Pending
VIDEO GAMER	PRC	16	3402812	12 Dec 2002	Pending
秘笈總動員	PRC	16	3590553	12 Jun 2002	Pending
 gamebase 遊戲基地 .com.tw	PRC	38	3192543	21 Mar 2004 to 20 Mar 2014	Registered
 gamebase 遊戲基地 .com.tw	PRC	35	3192556	07 Jan 2004 to 06 Jan 2014	Registered
電腦玩家	PRC	16	1664704	14 Nov 2001 to 13 Nov 2011	Registered
PC GAMER	PRC	16	1701020	21 Jan 2002 to 20 Jan 2012	Registered
 Tips101	PRC	16	1315475	21 Sep 1999 to 20 Sep 2009	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
 PCuSER	PRC	16	1370426	07 Mar 2000 to 06 Mar 2010	Registered
PCuSER	PRC	16	1628712	07 Sep 2001 to 06 Sep 2011	Registered
 TRICKS	PRC	41	1471558	07 Nov 2000 to 06 Nov 2010	Registered
 TRICKS	PRC	42	1475567	14 Nov 2000 to 13 Nov 2010	Registered
	PRC	16	1624749	28 Aug 2001 to 27 Aug 2011	Registered
電腦人	PRC	16	1628713	07 Sep 2001 to 06 Sep 2011	Registered
電腦人	PRC	35	1699522	14 Jan 2002 to 13 Jan 2012	Registered
電腦人	PRC	38	1695831	07 Jan 2002 to 06 Jan 2012	Registered
	PRC	16	1628711	07 Sep 2001 to 06 Sep 2011	Registered
	PRC	35	1699523	14 Jan 2002 to 13 Jan 2012	Registered
	PRC	38	1695824	07 Jan 2002 to 06 Jan 2012	Registered
	PRC	41	1711880	07 Feb 2002 to 06 Feb 2012	Registered
 儂儂	PRC	16	737805	28 Mar 1995 to 27 Mar 2005	Registered
NONG NONG	PRC	16	737806	28 Mar 1995 to 27 Mar 2005	Registered
	PRC	16	739054	07 Apr 1995 to 06 Apr 2005	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	PRC	9	1646227	07 Oct 2001 to 06 Oct 2011	Registered
	PRC	16	1656782	28 Oct 2001 to 27 Oct 2011	Registered
	PRC	35	3094006	21 Feb 2004 to 20 Feb 2014	Registered
	PRC	41	1635765	14 Sep 2001 to 13 Sep 2011	Registered
	PRC	16	3129037	28 Jun 2003 to 27 Jun 2013	Registered
	PRC	41	3129036	21 Sep 2003 to 20 Sep 2013	Registered
	PRC	16	3129041	29 Mar 2002	Pending
	PRC	41	3129040	21 Aug 2003 to 20 Aug 2013	Registered
	PRC	16	3094005	07 Jun 2003 to 06 Jun 2013	Registered
	PRC	41	3094004	14 Dec 2003 to 13 Dec 2013	Registered
	PRC	9	3094015	28 Jan 2004 to 27 Jan 2014	Registered
	PRC	16	3094014	07 Jun 2003 to 06 Jun 2013	Registered
	PRC	41	3094013	07 Jun 2003 to 06 Jun 2013	Registered
	PRC	16	3096070	14 Jun 2003 to 13 Jun 2013	Registered
	PRC	16	3129047	21 Aug 2003 to 20 Aug 2013	Registered

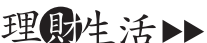
Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	PRC	41	3129046	29 Mar 2002	Pending
	PRC	16	3096072	07 Jul 2003 to 06 Jul 2013	Registered
	PRC	41	3096071	10 Feb 2002	Pending
	PRC	9	3098537	19 Feb 2002	Pending
	PRC	16	3098536	21 Aug 2003 to 20 Aug 2013	Registered
	PRC	41	3098535	07 Jul 2003 to 06 Jul 2013	Registered
	PRC	9	3094010	14 May 2003 to 13 May 2013	Registered
	PRC	16	3094009	8 Feb 2002	Pending
	PRC	41	3094008	8 Feb 2002	Pending
	PRC	16	3129055	07 Jul 2003 to 06 Jul 2013	Registered
	PRC	41	3129045	21 Aug 2003 to 20 Aug 2013	Registered
	PRC	16	3129039	14 Feb 2004 to 13 Feb 2014	Registered
	PRC	41	3129038	14 Feb 2004 to 13 Feb 2014	Registered
	PRC	16	3093980	14 Feb 2004 to 13 Feb 2014	Registered
	PRC	16	3098534	14 Jun 2003 to 13 Jun 2013	Registered
	PRC	39	3098533	21 May 2003 to 20 May 2013	Registered
	PRC	41	3098532	14 Dec 2003 to 13 Dec 2013	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	PRC	16	3139955	08 Apr 2002	Pending
	PRC	41	3139953	08 Apr 2002	Pending
	PRC	16	1443545	14 Sep 2000 to 13 Sep 2010	Registered
	PRC	38	1455993	07 Oct 2000 to 06 Oct 2010	Registered
	PRC	41	1479341	21 Nov 2000 to 20 Nov 2010	Registered
	PRC	42	1445980	14 Sep 2000 to 13 Sep 2010	Registered
	PRC	16	1443546	14 Sep 2000 to 13 Sep 2010	Registered
	PRC	41	1455877	07 Oct 2000 to 06 Oct 2010	Registered
	PRC	16	3094001	14 Feb 2004 to 13 Feb 2014	Registered
	PRC	41	3094000	07 Jun 2003 to 06 Jun 2013	Registered
	PRC	41	3093981	14 Dec 2003 to 13 Dec 2013	Registered
	PRC	16	3094003	21 Jan 2004 to 20 Jan 2014	Registered
	PRC	41	3094002	08 Feb 2002	Pending

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	16	1049034	01 Jul 2003 to 30 Jun 2013	Registered
	Taiwan	9	1046760	16 Jun 2003 to 15 Jun 2013	Registered
	Taiwan	16	1040779	16 Apr 2003 to 15 Apr 2013	Registered
	Taiwan	41	189096	01 Nov 2003 to 15 Jul 2013	Registered
	Taiwan	42	184391	16 Jul 2003 to 15 Jul 2013	Registered
VIDEO GAMER	Taiwan	16	1058059	16 Sep 2003 to 15 Sep 2013	Registered
VIDEO GAMER	Taiwan	41	189073	01 Nov 2003 to 31 Oct 2013	Registered
遊樂器玩家	Taiwan	16	1058060	16 Sep 2003 to 15 Sep 2013	Registered
遊樂器玩家	Taiwan	41	189074	01 Nov 2003 to 31 Oct 2013	Registered
GAMEBASE	Taiwan	9	992396	01 Apr 2002 to 31 Mar 2012	Registered
GAMEBASE	Taiwan	16	999119	16 May 2002 to 15 May 2012	Registered
GAMEBASE	Taiwan	35	168023	16 Aug 2002 to 30 Jun 2012	Registered
GAMEBASE	Taiwan	38	164880	16 Jun 2002 to 15 Jun 2012	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
gamebase	Taiwan	41	S166270	16 Jul 2002 to 15 Jul 2012	Registered
gamebase	Taiwan	42	S165769	01 Jul 2002 to 30 Jun 2012	Registered
遊戲基地	Taiwan	9	T992397	01 Apr 2002 to 31 Mar 2012	Registered
遊戲基地	Taiwan	16	T1011607	16 Aug 2002 to 15 Aug 2012	Registered
遊戲基地	Taiwan	35	S168024	16 Aug 2002 to 30 Jun 2012	Registered
遊戲基地	Taiwan	38	S164879	16 Jun 2002 to 15 Jun 2012	Registered
遊戲基地	Taiwan	41	S166271	16 Jul 2002 to 15 Jul 2012	Registered
遊戲基地	Taiwan	42	S165768	01 Jul 2002 to 30 Jun 2012	Registered
電腦玩家	Taiwan	16	T1017274	01 Oct 2002 to 30 Sep 2012	Registered
PC GAMER	Taiwan	16	T1017275	01 Oct 2002 to 30 Sep 2012	Registered
PC GAMER	Taiwan	38	S156803	16 Jan 2002 to 15 Jan 2012	Registered
 gamebase 遊戲基地 .com.tw	Taiwan	16	T1045695	01 Jun 2003 to 15 May 2012	Registered
 gamebase 遊戲基地 .com.tw	Taiwan	35	S184031	16 Jul 2003 to 30 Jun 2012	Registered
 gamebase 遊戲基地 .com.tw	Taiwan	41	S189103	01 Nov 2003 to 15 Jul 2012	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	42	S184490	16 Jul 2003 to 30 Jun 2012	Registered
秘笈總動員	Taiwan	16	1074553	01 Dec 2003 to 30 Nov 2012	Registered
職棒迷HIT	Taiwan	16	92049564	15 Aug 2003	Pending
	Taiwan	42	S185017	01 Aug 2003 to 31 Jul 2013	Registered
PC HOME	Taiwan	16	T876724	01 Dec 1999 to 30 Nov 2009	Registered
	Taiwan	16	T878491	01 Jan 1999 to 15 May 2009	Registered
電腦家庭	Taiwan	16	T851744	16 May 1999 to 15 May 2009	Registered
PC OFFICE	Taiwan	16	T851756	16 May 1999 to 15 May 2009	Registered
電腦上班族PC OFFICE	Taiwan	16	T872015	16 Oct 1999 to 15 Oct 2009	Registered
電腦上班族	Taiwan	16	T872113	16 Oct 1999 to 15 Oct 2009	Registered
PCShopper	Taiwan	41	S150730	16 Oct 2001 to 15 Oct 2011	Registered
電腦購物王	Taiwan	16	T905821	16 Sep 2000 to 15 Sep 2010	Registered
	Taiwan	35	S151130	01 Nov 2001 to 31 Oct 2011	Registered
	Taiwan	41	S156971	16 Jan 2002 to 15 Oct 2011	Registered
	Taiwan	41	S156972	16 Jan 2002 to 15 Oct 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	41	S156973	16 Jan 2002 to 15 Oct 2011	Registered
	Taiwan	41	S156975	16 Jan 2002 to 15 Oct 2011	Registered
	Taiwan	41	S156974	16 Jan 2002 to 15 Oct 2011	Registered
	Taiwan	16	T905820	16 Sep 2000 to 15 Sep 2010	Registered
	Taiwan	16	T928166	01 Feb 2001 to 15 Sep 2011	Registered
SMART	Taiwan	16	T928167	01 Feb 2001 to 15 Sep 2010	Registered
Smart Go	Taiwan	35	S156539	16 Jan 2002 to 15 Jan 2012	Registered
Smart Go	Taiwan	42	S157128	16 Jan 2002 to 15 Jan 2012	Registered
	Taiwan	16	T1015331	16 Sep 2002 to 15 Sep 2012	Registered
	Taiwan	38	S154673	16 Dec 2001 to 15 Dec 2011	Registered
	Taiwan	41	S148308	01 Sep 2001 to 31 Aug 2011	Registered
SMART CAR	Taiwan	16	T960834	16 Sep 2001 to 15 Sep 2011	Registered
SMART CAR	Taiwan	38	S154672	16 Dec 2001 to 15 Dec 2011	Registered
SMART CAR	Taiwan	41	S148307	01 Sep 2001 to 31 Aug 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	16	948274	01 Jul 2001 to 30 Jun 2011	Registered
MyHOUSE	Taiwan	16	938006	01 Apr 2001 to 31 Mar 2011	Registered
MONO	Taiwan	16	939241	16 Apr 2001 to 15 Apr 2011	Registered
	Taiwan	16	1039079	01 Apr 2003 to 15 Jan 2011	Registered
	Taiwan	41	180213	16 Apr 2003 to 15 Apr 2013	Registered
	Taiwan	42	181962	16 May 2003 to 15 Apr 2013	Registered
	Taiwan	16	1035125	01 Mar 2003 to 28 Feb 2013	Registered
	Taiwan	16	1033663	16 Feb 2003 to 15 Feb 2013	Registered
	Taiwan	42	176553	01 Dec 2003 to 30 Nov 2013	Registered
	Taiwan	41	174726	01 Dec 2003 to 30 Nov 2013	Registered
INTERNATIONAL WRIST WATCH	Taiwan	16	92044254	17 Jul 2003	Pending
國際名錶	Taiwan	16	92047502	05 Aug 2003	Pending
	Taiwan	16	T881985	01 Feb 2000 to 31 Jan 2010	Registered
	Taiwan	16	T889623	16 Apr 2000 to 15 Apr 2010	Registered
TRICKS	Taiwan	16	T909972	16 Oct 2000 to 15 Oct 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
TRICKS	Taiwan	41	S125929	01 Jul 2000 to 30 Jun 2010	Registered
TRICKS	Taiwan	42	S130546	01 Oct 2000 to 30 Jun 2010	Registered
	Taiwan	16	T960848	16 Sep 2001 to 15 Sep 2011	Registered
	Taiwan	41	S149989	01 Oct 2001 to 30 Sep 2011	Registered
網路e世界	Taiwan	16	T970966	16 Nov 2001 to 15 Nov 2011	Registered
網路e世界	Taiwan	41	S152444	16 Nov 2001 to 30 Sep 2011	Registered
Download!	Taiwan	16	T974090	01 Dec 2001 to 30 Nov 2011	Registered
Download!	Taiwan	42	S162665	01 Apr 2002 to 31 Mar 2012	Registered
網路學習誌	Taiwan	16	T983012	01 Feb 2002 to 31 Jan 2012	Registered
網路學習誌	Taiwan	42	S160938	01 Mar 2002 to 29 Feb 2012	Registered
	Taiwan	16	T925733	16 Jan 2001 to 15 Jan 2011	Registered
	Taiwan	35	S163527	16 May 2002 to 15 May 2012	Registered
	Taiwan	39	S166202	16 Jul 2002 to 15 Jul 2012	Registered
	Taiwan	16	T1037609	16 Mar 2003 to 30 Jun 2009	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	39	S180944	01 May 2003 to 15 Jul 2012	Registered
	Taiwan	39	S180165	16 Apr 2003 to 15 Jul 2012	Registered
	Taiwan	41	S175524	01 Jan 2003 to 15 May 2009	Registered
	Taiwan	42	S176554	16 Jan 2003 to 15 May 2009	Registered
	Taiwan	39	S180121	16 Apr 2003 to 15 Apr 2013	Registered
	Taiwan	41	S174727	16 Dec 2002 to 15 Dec 2012	Registered
	Taiwan	42	S176555	16 Jan 2003 to 15 Dec 2012	Registered
	Taiwan	9	T881245	01 Feb 2000 to 31 Jan 2010	Registered
	Taiwan	38	S116458	16 Oct 1999 to 15 Oct 2009	Registered
	Taiwan	41	S109624	16 May 1999 to 15 May 2009	Registered
	Taiwan	42	S120375	16 Jan 2000 to 15 May 2009	Registered
	Taiwan	16	T857516	01 Jul 1999 to 30 Jun 2009	Registered
	Taiwan	41	S177591	16 Feb 2003 to 15 May 2009	Registered
	Taiwan	16	T1031797	01 Feb 2003 to 30 Jun 2009	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	16	T1031738	01 Feb 2003 to 31 Jan 2013	Registered
	Taiwan	16	T873853	01 Nov 1999 to 30 Jun 2009	Registered
	Taiwan	16	T873850	01 Nov 1999 to 30 Jun 2009	Registered
	Taiwan	41	S116146	01 Oct 1999 to 15 May 2009	Registered
	Taiwan	9	T851493	16 May 1999 to 15 May 2009	Registered
	Taiwan	16	T864086	16 Aug 1999 to 15 Aug 2009	Registered
	Taiwan	35	S175960	16 Jan 2003 to 15 Apr 2009	Registered
	Taiwan	35	S108645	16 Apr 1999 to 15 Apr 2009	Registered
	Taiwan	41	S105871	16 Dec 1998 to 15 Dec 2008	Registered
	Taiwan	42	S175311	16 Dec 2002 to 15 Dec 2008	Registered
	Taiwan	9	T954571	16 Aug 2001 to 15 Aug 2011	Registered
	Taiwan	16	T950666	16 Jul 2001 to 15 Jul 2011	Registered
	Taiwan	41	S138760	16 Feb 2001 to 15 Feb 2011	Registered
	Taiwan	42	S176558	16 Jan 2003 to 15 Feb 2011	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
 Bookworm 書蟲俱樂部 member club	Taiwan	9	T969995	16 Nov 2001 to 15 Nov 2011	Registered
 Bookworm 書蟲俱樂部 member club	Taiwan	16	T955355	16 Aug 2001 to 15 Aug 2011	Registered
 Bookworm 書蟲俱樂部 member club	Taiwan	35	S147883	01 Sep 2001 to 31 Aug 2011	Registered
 Bookworm 書蟲俱樂部 member club	Taiwan	41	S141998	16 Apr 2001 to 15 Apr 2011	Registered
 Bookworm 書蟲俱樂部 member club	Taiwan	42	S174061	01 Dec 2002 to 15 Apr 2011	Registered
Reading	Taiwan	16	T955356	16 Aug 2001 to 15 Aug 2011	Registered
Reading	Taiwan	35	S141640	16 Apr 2001 to 15 Apr 2011	Registered
Reading	Taiwan	41	S174730	16 Dec 2002 to 15 Dec 2012	Registered
Reading	Taiwan	42	S176561	16 Jan 2003 to 15 Dec 2012	Registered
 GRIM PRESS 研 究 文 化	Taiwan	16	T920082	16 Dec 2000 to 15 Jan 2006	Registered
 GRIM PRESS 研 究 文 化	Taiwan	16	T704457	16 Jan 1996 to 15 Jan 2006	Registered
 GRIM PRESS 研 究 文 化	Taiwan	41	S81518	01 Mar 1996 to 28 Feb 2006	Registered
 GRIM PRESS 研 究 文 化	Taiwan	42	S176556	16 Jan 2003 to 28 Feb 2006	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
家庭圖書館	Taiwan	16	T933399	01 Mar 2001 to 28 Feb 2011	Registered
家庭圖書館	Taiwan	35	S143790	16 Jun 2001 to 15 Jun 2011	Registered
家庭圖書館	Taiwan	38	S127554	16 Aug 2000 to 15 Aug 2010	Registered
家庭圖書館	Taiwan	41	S174729	16 Dec 2002 to 15 Dec 2012	Registered
家庭圖書館	Taiwan	42	S177779	16 Feb 2003 to 15 Dec 2012	Registered
	Taiwan	9	T1046890	16 Jun 2003 to 15 Aug 2010	Registered
	Taiwan	41	S175525	01 Jan 2003 to 15 Jun 2010	Registered
	Taiwan	42	S176560	16 Jan 2003 to 15 Jun 2010	Registered
	Taiwan	9	T900876	16 Aug 2000 to 15 Aug 2010	Registered
	Taiwan	16	T903677	01 Sep 2000 to 31 Aug 2010	Registered
	Taiwan	38	S128360	01 Sep 2000 to 31 Aug 2010	Registered
	Taiwan	41	S125126	16 Jun 2000 to 15 Jun 2010	Registered
貓頭鷹	Taiwan	16	T933400	01 Mar 2001 to 28 Feb 2011	Registered
貓頭鷹	Taiwan	38	S124091	16 May 2000 to 15 May 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
貓頭鷹	Taiwan	41	S125125	16 Jun 2000 to 15 Jun 2010	Registered
EASYBOOKS	Taiwan	16	T885824	16 Mar 2000 to 15 Mar 2010	Registered
EASYBOOKS	Taiwan	38	S123136	16 Apr 2000 to 15 Apr 2010	Registered
EASYBOOKS	Taiwan	41	S123200	16 Apr 2000 to 15 Apr 2010	Registered
EASYBOOKS	Taiwan	42	S174060	01 Dec 2002 to 15 Apr 2010	Registered
	Taiwan	16	S891042	01 May 2000 to 30 Apr 2010	Registered
	Taiwan	41	S122817	01 Apr 2000 to 31 Mar 2010	Registered
	Taiwan	42	S175604	01 Jan 2003 to 31 Mar 2010	Registered
易博士	Taiwan	16	T885825	16 Mar 2000 to 15 Mar 2010	Registered
易博士	Taiwan	41	S123201	16 Apr 2000 to 15 Apr 2010	Registered
易博士	Taiwan	42	S174059	01 Dec 2002 to 15 Apr 2012	Registered
第一次 就上手	Taiwan	16	T968074	01 Nov 2001 to 31 Oct 2011	Registered
	Taiwan	16	T885840	16 Mar 2000 to 15 Mar 2010	Registered
	Taiwan	41	S123228	16 Apr 2000 to 15 Apr 2010	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	42	S174058	01 Dec 2002 to 15 Apr 2012	Registered
	Taiwan	9	T847146	16 Apr 1999 to 15 Apr 2009	Registered
	Taiwan	16	T893308	01 Jun 2000 to 31 May 2010	Registered
	Taiwan	35	S112080	16 Jul 1999 to 15 Jul 2009	Registered
	Taiwan	41	S108355	01 Apr 1999 to 31 Mar 2009	Registered
	Taiwan	42	S176557	16 Jan 2003 to 31 Mar 2009	Registered
	Taiwan	9	T1029810	16 Jan 2003 to 15 Jan 2013	Registered
	Taiwan	41	S174728	16 Dec 2002 to 15 Dec 2012	Registered
	Taiwan	42	S176559	16 Jan 2003 to 15 Dec 2012	Registered
果實	Taiwan	16	T1039065	01 Apr 2003 to 31 Mar 2013	Registered
果實	Taiwan	42	S179111	16 Mar 2003 to 15 Feb 2013	Registered
	Taiwan	9	1071610	01 Dec 2003 to 30 Nov 2013	Registered
	Taiwan	41	192063	01 Dec 2003 to 30 Nov 2013	Registered
	Taiwan	16	1071692	01 Dec 2003 to 30 Nov 2013	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	41	190691	01 Dec 2003 to 30 Nov 2013	Registered
	Taiwan	42	190738	01 Dec 2003 to 30 Nov 2013	Registered
	Taiwan	16	1070404	01 Dec 2003 to 30 Nov 2013	Registered
	Taiwan	41	191613	01 Dec 2003 to 30 Nov 2013	Registered
原水文化	Taiwan	16	1076858	01 Dec 2003 to 30 Nov 2013	Registered
原水文化	Taiwan	41	1098837	01 May 2004 to 30 Apr 2014	Registered
原水文化	Taiwan	42	1098838	01 May 2004 to 30 Apr 2014	Registered
愛的初體驗	Taiwan	16	92018671	18 Apr 2003	Pending
果實	Taiwan	41	S177477	16 Feb 2003 to 15 Feb 2013	Registered
	Taiwan	16	T1033664	16 Feb 2003 to 15 Feb 2013	Registered
	Taiwan	38	S126956	01 Aug 2000 to 31 Jul 2010	Registered
易博士	Taiwan	38	S126955	01 Aug 2000 to 31 Jul 2010	Registered
	Taiwan	9	T580475	16 Dec 2002 to 15 Dec 2012	Registered
儂儂	Taiwan	56	261949	02 Aug 1985 to 01 Aug 2005	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	49	651991	16 Aug 1994 to 01 Aug 2005	Registered
狐狸頭圖樣	Taiwan	56	274871	01 Mar 1985 to 28 Feb 2005	Registered
	Taiwan	49	452587	01 Sept 1989 to 01 Aug 2005	Registered
媽媽寶寶	Taiwan	16	70564	01 Jun 1994 to 31 May 2014	Registered
媽媽寶寶 MOM BABY	Taiwan	49	594535	16 Apr 1993 to 15 Aug 2004	Registered
	Taiwan	16	882029	01 Feb 2000 to 31 Jan 2010	Registered
寶貝國	Taiwan	41	166273	16 Jul 2002 to 15 Jul 2012	Registered
	Taiwan	16	761478	16 May 1997 to 15 May 2007	Registered
完全美麗	Taiwan	16	809647	16 Jul 1998 to 15 Jul 2008	Registered
ORANCE PAGE	Taiwan	41	116023	01 Oct 1999 to 30 Sep 2009	Registered
天才寶寶	Taiwan	16	1091469	01 Apr 2004 to 31 Mar 2014	Registered
	Taiwan	41	00087956	16 Jan 1997 to 15 Jan 2007	Registered
fY" ㄆX" '	Taiwan	41	00092373	16 Jul 1997 to 15 Jul 2007	Registered
	Taiwan	16	00726167	01 Sep 1996 to 31 Aug 2006	Registered

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Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Taiwan	25	00956311	16 Aug 2001 to 30 Nov 2010	Registered
戀愛講義	Taiwan	16	00925745	16 Jan 2001 to 15 Jan 2011	Registered
	Taiwan	16	01007681	16 Jul 2002 to 15 Jul 2012	Registered
	Taiwan	16	01026953	16 Dec 2002 to 15 Dec 2012	Registered
	Taiwan	16	01026957	16 Dec 2001 to 15 Dec 2011	Registered
	Taiwan	16	01033641	16 Feb 2003 to 15 Feb 2013	Registered
	Taiwan	16	01031728	01 Feb 2003 to 31 Jan 2013	Registered
	Taiwan	16	01042093	1 May 2003 to 30 Apr 2013	Registered
	Taiwan	16	1066561	16 Nov 2003 to 15 Nov 2013	Registered
Be COOL流行酷報	Taiwan	16	01101559	16 May 2004 to 15 May 2014	Registered
	Taiwan	16	773869	01 Sep 1997 to 31 Aug 2007	Registered
	Taiwan	41	192582	01 Dec 2003 to 30 Nov 2013	Registered
	Taiwan	16	1088324	01 Mar 2004 to 28 Feb 2014	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
數位時代雙週	Taiwan	41	189971	16 Nov 2003 to 15 Oct 2010	Registered
數位時代雙週	Taiwan	42	192200	01 Dec 2003 to 30 Nov 2013	Registered
數位時代雙週	Taiwan	38	184204	16 Jul 2003 to 15 Jan 2012	Registered
數位時代雙週	Taiwan	16	1049093	01 Jul 2003 to 30 Jun 2011	Registered
數位時代	Taiwan	16	963347	01 Oct 2001 to 30 Jun 2011	Registered
數位時代	Taiwan	41	150878	16 Oct 2001 to 15 Oct 2010	Registered
數位時代 BUSINESS NEXT	Taiwan	16	948272	01 Jul 2001 to 30 Jun 2011	Registered
數位時代	Taiwan	38	156824	16 Jan 2002 to 15 Jan 2012	Registered
Business NEXT	Taiwan	38	156825	16 Jan 2002 to 15 Jan 2012	Registered
數位時代 BUSINESS NEXT	Taiwan	41	131166	16 Oct 2000 to 15 Oct 2010	Registered
Business NEXT	Taiwan	16	963346	01 Oct 2001 to 30 Jun 2011	Registered
數位時代 BUSINESS NEXT	Taiwan	42	142741	01 May 2001 to 15 Oct 2010	Registered
Business NEXT	Taiwan	41	150879	16 Oct 2001 to 15 Oct 2010	Registered
 gamebase 遊戲基地 .com.tw	Hong Kong	35	2004B03286	27 May 2002 to 27 May 2009	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Hong Kong	38	2004B03287	27 May 2002 to 27 May 2009	Registered
	Hong Kong	42	200207665	27 May 2002	Pending
電腦玩家	Hong Kong	16	2003B12264	04 Aug 2000 to 04 Aug 2007	Registered
PC GAMER	Hong Kong	16	2003B12185	04 Aug 2000 to 04 Aug 2007	Registered
	Hong Kong	41	2000B01816	08 Oct 1998 to 08 Oct 2005	Registered
	Hong Kong	42	2000B03039	08 Oct 1998 to 08 Oct 2005	Registered
TRICKS	Hong Kong	16	2002B05041	18 Aug 1999 to 18 Aug 2006	Registered
TRICKS	Hong Kong	41	2002B03203	18 Aug 1999 to 18 Aug 2006	Registered
TRICKS	Hong Kong	42	2002B03204	18 Aug 1999 to 18 Aug 2006	Registered
	Hong Kong	16	2001B06373	30 Jun 2000 to 30 Jun 2007	Registered
	Hong Kong	42	2001B06374	30 Jun 2000 to 30 Jun 2007	Registered
網路e世界	Hong Kong	16	2001B07413	30 Jun 2000 to 30 Jun 2007	Registered
網路e世界	Hong Kong	42	2001B07414	30 Jun 2000 to 30 Jun 2007	Registered
	Hong Kong	9	200208367	14 Jun 2000 to 14 Jun 2007	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Hong Kong	16	200107974	14 Jun 2000 to 14 Jun 2007	Registered
	Hong Kong	35	2002 03195	08 Mar 2002	Pending
	Hong Kong	41	200208368	14 Jun 2000 to 14 Jun 2007	Registered
	Hong Kong	42	2002 03196	08 Mar 2002	Pending
	Hong Kong	9	200403271	08 May 2002 to 08 March 2009	Registered
	Hong Kong	16	200403272	08 May 2002 to 08 March 2009	Registered
	Hong Kong	41	200403273	08 May 2002 to 08 March 2009	Registered
	Hong Kong	42	200403274	08 May 2002 to 08 March 2009	Registered
	Hong Kong	16	2003B11698	08 Mar 2002 to 08 Mar 2009	Registered
	Hong Kong	39	2003B11699	08 Mar 2002 to 08 Mar 2009	Registered
	Hong Kong	41	2003B11700	08 Mar 2002 to 08 Mar 2009	Registered
	Hong Kong	42	2003B12379	08 Mar 2002 to 08 Mar 2009	Registered
	Hong Kong	16	200310298	08 Mar 2002 to 08 Mar 2009	Registered
	Hong Kong	39	200310299	08 Mar 2002 to 08 Mar 2009	Registered
	Hong Kong	41	200310300	08 Mar 2002 to 08 Mar 2009	Registered

Trade/ Service Mark	Place of Registration/ Application	Class	Registration/ Application Number	Period of Validity/ Application Date	Status
	Hong Kong	42	2002 03190	08 Mar 2002	Pending
	Hong Kong	16	200311715	25 Jun 2002 to 25 Jun 2009	Registered
	Hong Kong	39	200311716	25 Jun 2002 to 25 Jun 2009	Registered
	Hong Kong	41	200311717	25 Jun 2002 to 25 Jun 2009	Registered
	Hong Kong	16	2003B12378	08 Mar 2002 to 08 Mar 2009	Registered
	Hong Kong	41	2003B10377	08 Mar 2002 to 08 Mar 2009	Registered
	Hong Kong	42	2002 03182	08 Mar 2002	Pending

(ii) *Licence of trade marks*

Online Licence Agreement

TOM Enterprises entered into a trademark and domain name licence agreement with Beijing Super Channel on February 27, 2004 (the “Online Licence Agreement”) pursuant to which TOM Enterprises has agreed to grant Beijing Super Channel (free of charge) an exclusive licence to use certain trademarks relating to the “TOM” logo which are set out below and the tom.com, bj.tom.com and cn.tom.com domain names solely in respect of Internet and Internet-related businesses in the PRC. Upon the later of (i) the Company ceasing to hold 30% or more of TOM Online’s issued share capital and (ii) the second anniversary of the Listing Date (such date being the “Expiry Date”), Beijing Super Channel will have to enter into a new agreement with TOM Enterprises if it wishes to continue using the trademark and/or domain names and it (i) would have to pay a licence fee (to be determined between the parties) to TOM Enterprises for the use of the trademarks and (ii) may require TOM Enterprises to grant it a perpetual and non-exclusive license of the domain names for a licence fee to be agreed upon, provided such fee shall not exceed US\$5,000,000. The exercise of by Beijing Super Channel of this right to demand the grant of this perpetual and non-exclusive licence of the domain names from TOM Enterprises will be subject to the relevant announcement, reporting and shareholders approval requirements for connected transactions at the time of exercise if Beijing Super Channel becomes a connected person of the Company then. However, if the parties do not enter into a new agreement (e.g. in the event that the parties cannot agree on the license fee or other terms of use of the trademarks), Beijing Super Channel may continue to use the trademarks and domain names free of charge for one year from the Expiry Date.

As at the Latest Practicable Date, TOM Enterprises is the registered proprietor of the following trademarks which are licensed to TOM Online Group under the terms of the Online Licence Agreement:

Trade/ Service mark	Place of registration	Class	Registration No.	Registration date
	PRC	35	1499371	December 28, 2000
	PRC	36	1491635	December 14, 2000
	PRC	37	1499788	December 28, 2000
	PRC	38	1491846	December 14, 2000
	PRC	41	1491525	December 14, 2000
	PRC	9	1913521	August 14, 2002

As at the Latest Practicable Date, TOM Enterprises is the applicant of the following trade mark which is licensed to TOM Online Group pursuant to the Online License Agreement:

Trade/ Service mark	Place of registration	Class	Application No	Application date	Status
	PRC	42	9900152449	December 16, 1999	Pending

The following is the class heading for each of the classes referred to in the paragraph headed “Intellectual property” above:

Class 9	Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-

operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus.

- Class 16 Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks.
- Class 35 Advertising; business management; business administration; office functions.
- Class 36 Insurance; financial affairs; monetary affairs; real estate affairs.
- Class 37 Building construction; repair; installation services.
- Class 38 Telecommunications.
- Class 39 Transport; packaging and storage of goods; travel arrangement.
- Class 41 Education; providing of training; entertainment; sporting and cultural activities.
- Class 42 Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; legal services.

(iii) Domain names

As at the Latest Practicable Date, the TOM Group has registered and/or has been using the following domain names which are material in relation to TOM Group's business:

Domain name registrations

gametom.com
globaltom.com
gotom.com
hottom.com
intratom.com
jrtom.com
newstom.com
scitom.com
sinointeractive.com
sinoportal.com
sportstom.com
super-channel.com
thetomgroup.com

tom.com
tombiz.com
tombooks.com
tom-corp.com
tomcorporate.com
tomdesk.com
tomfamily.com
tomgo.com
tomgroup.com
tomguide.com
tomholiday.com
tomjr.com
tommag.com
tomprint.com
tomreport.com
tomservice.com
tomsports.com
tomstaff.com
tomstation.com
tomstock.com
tomvacation.com
worldtom.com
tom.com.hk
tomgroup.com.hk
tomonline.com.hk
tom.com.sg
mindworks.net.hk
mindworks.hk
biztom.com
tom.hk
bluequartz.com
chinatom.com
cntom.com
ctnweb.com
2happiness.com
cn-newsonline.net
cn-news.com.cn
cn-news.cn
dragontrail.com
gochinago.com
gochinago.net
networktravel.net
gochinago.org
gochinago.com.hk
gochinago.hk
netravel.com.hk

gochinago.com.tw
cinemetro.com
metro997.com
metro104.com
metrochinesenews.com
metronation.com
mymet.com
cinemetro.net
metrolive.net
cinemetro.org
metroradio.com.hk
mayazine.com
tomdmc.com
ltwj.com
shawei.com
湯姆.公司
湯姆.網絡
ctn.com.cn
eclink.com.cn
horizons.com.cn
music974.com.cn
scitom.com.cn
tomkid.com.cn
tommedia.com.cn
tomoutdoor.com.cn
tomoutdoormedia.com.cn
974.com.cn
tom.net.cn
tommedia.net.cn
tom.cn
col.edu.cn
cdma-133.com
greatom.com
myuyu.com
myyuyu.com
myuyu.net
myyuyu.net
cdma-133.com.cn
gtom.com.cn
greatom.com.cn
133cdma.com.cn
myuyu.com.cn
myyuyu.com.cn
cdma133.net.cn
cdma2000.net.cn
myuyu.net.cn

myyuyu.net.cn
2932.com
2932.com.cn
10157.com.cn
10156.net.cn
10157.net.cn
10158.net.cn
10159.net.cn
gocool.com.cn
gocool.net.cn
lhao.com
163.net
cetv.com
cetv.com.hk
cetv.hk
sportyc.com
ycadv.com
tomoutdoor.com
tomoutdoormedia.com
seeout.cn
sano.com.cn
siac-art.com
fenchmedia.com
fench.net
fenchmedia.net
fench.com.cn
fenchmedia.com.cn
fenchstar.com.cn
fenchstar.net.cn
businessweekly.com.tw
bwnet.com.tw
citepublishingholding.com
anicebook.com.cn
lovepost.com.cn
anicebook.com.tw
cite.com.tw
citepublishingholding.com.tw
cph.com.tw
easybooks.com.tw
faces.com.tw
ffoundation.com.tw
fruitionbooks.com.tw
grimm.com.tw
lovepost.com.tw
marco.com.tw
mem.com.tw

oaktree.com.tw
owl.com.tw
parenting.com.tw
r-club.com.tw
readingclub.com.tw
redink.com.tw
romanceplanet.com.tw
ryefield.com.tw
2cm.com.tw
citegroup.com
homemediagroup.com
gamebase.com.cn
drj.com.tw
pcgamer.com.tw
pcshopper.com.tw
pcuser.com.tw
man-style.com.tw
usernet.com.tw
3cgogo.com.tw
bnext.com.tw
businessnext.com.tw
buyagame.com.tw
exhouse.com.tw
gamebase.com.tw
gameleague.com.tw
hmg.com.tw
homemedia.com.tw
home-media.com.tw
homemediagroup.com.tw
home-media-group.com.tw
myhomelife.com.tw
pc-home.com.tw
pcoffice.com.tw
videogamer.com.tw
bellanews.com
nongnong.com.tw
bellanews.com.tw
mctw.com.tw
mombaby.com.tw
shape.com.tw
spp.com.tw
cup.com.hk
yzzk.com
mook.com.tw
sbooker.com.tw
pilibook.com.tw

(iv) Patent

As at the Latest Practicable Date, TOM Enterprises has applied for the following patents:

Registrant/Applicant: TOM Enterprises

Title of Invention: Secure Communication

Country	Application Date	Application No.	Registration No.	Status
Hong Kong	17 Aug 2000	00105183.6	HK1034416	Registered
Japan	17 Jul 2000	2000-216076	N/A	Pending
Taiwan	14 May 2001	90111655	N/A	Pending

As at the Latest Practicable Date, the TOM Group has registered the following design patents in the PRC:

(a) Registrant: Fench Media

Patent No.	Title	Certificate No.	Period of Validity (subject to payment of annuity)
ZL 02 3 19057.4	廣告牌 (護翼) (Advertising Billboard (guarding wings))	250688	up to 10 years from 31 Jan 2002
ZL 02 3 19055.8	廣告牌 (擎天) (Advertising Billboard (sky lifting))	250466	up to 10 years from 31 Jan 2002
ZL 02 3 19058.2	廣告牌 (h) (Advertising Billboard (h))	250779	up to 10 years from 31 Jan 2002
ZL 02 3 19056.6	廣告牌 (網孔) (Advertising Billboard (mesh))	250584	up to 10 years from 31 Jan 2002

(b) Registrant: Fench Star

Patent No.	Title	Certificate No.	Period of Validity (subject to payment of annuity)
ZL 01 3 03930.X	廣告牌斜 單立柱式 (Advertising Billboard (inclined unipole)	216579	up to 10 years from 31 May 2001 31 Jan 2002

As at the Latest Practicable Date, the TOM Group has registered the following patent in Taiwan:

(c) Registrant: Sharp Point

Patent No.	Title	Period of Validity
203182	特殊海報框架設計 (Special Poster Frame Design)	1 May 2003 to 10 April 2014

(v) **Copyright**

As at the Latest Practicable Date, the TOM Group has registered the following computer software products in the PRC:

Copyright Owner	Product Name	Registration No.
賽爾在線信息技術 有限公司 (Cernet Information Technology Company Limited)	ISP計費自服務系統V1.0 (ISP Charges Calculation Self-service System V1.0)	2003SR9900
北京賽爾在線通信 技術有限公司 (Cernet Online Company Limited)	賽爾在線接入計費系統 軟件包 (Cernet Online Dial-in Charges Calculation System Software Package)	2003SR11369
北京環宇網遊 信息技術有限公司 (Beijing Planet Network Travel Information Technology Limited)	長江三峽遊船預訂系統V1.0 (Advance Booking System For The Cruises At The Three Gorges Of The Yangtze River V1.0)	2000SR0579
北京環宇網遊 信息技術有限公司 (Beijing Planet Network Travel Information Technology Limited)	華夏酒店預訂系統V1.0 (Advance Booking System For Hotels In China V1.0)	2000SR0580

Copyright Owner	Product Name	Registration No.
北京環宇網遊 信息技術有限公司 (Beijing Planet Network Travel Information Technology Limited)	旅行社外聯銷售管理系統V1.0 (Sales Management System For Foreign Associations Of Travel Agencies V1.0)	2000SR0607
北京環宇網遊 信息技術有限公司 (Beijing Planet Network Travel Information Technology Limited)	旅行社出境遊經營銷售 系統 V1.0 (Operating Sales System for Travel Agencies In Relation To Departure Travelling V1.0)	2000SR0646

III. FURTHER INFORMATION ABOUT DIRECTORS, SENIOR MANAGEMENT AND STAFF

(1) Directors' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

a. Long positions in Shares

Name of Directors	Capacity	Number of Shares				Total	Approximate percentage of shareholding
		Personal interests	Family interests	Corporate interests	Other interests		
Mr. Sing Wang (Note 1)	Interest of a controlled corporation	–	–	5,898,000 (Note 2)	–	5,898,000	0.15%
Mr. Wang	Beneficial owner	300,000	–	–	–	300,000	0.01%

Notes:

- (1) By virtue of the SFO, Mr. Sing Wang is deemed to be interested in 5,898,000 Shares held by Amerinvest Technology Associates I Limited, which is wholly-owned by him.
- (2) All the 5,898,000 Shares have been pledged as a security against his personal loan.

b. Rights to acquire Shares

Pursuant to the Pre-IPO Share Option Plan and the Share Option Scheme, certain Directors were granted share options to subscribe for Shares, details of options which were outstanding as at the Latest Practicable Date were as follows:

Name of Directors	Date of grant	Number of share options outstanding as at the Latest Practicable Date	Option period	Subscription price per Share HK\$
Mr. Sing Wang	30/6/2000	3,000,000	30/6/2000 – 29/6/2010	5.27
	8/8/2000	2,138,000	8/8/2000 – 7/8/2010	5.30
	7/2/2002	20,000,000	7/2/2002 – 6/2/2012	3.76
	9/10/2003	38,000,000	9/10/2003 – 8/10/2013	2.505
Ms. Tong Mei Kuen, Tommei	9/10/2003	15,000,000	9/10/2003 – 8/10/2013	2.505
Mr. James Sha	15/11/2000	15,000,000	15/11/2000 – 14/11/2010	5.30
Mr. Wang	11/2/2000	9,080,000	11/2/2000 – 10/2/2010	1.78
	9/10/2003	6,850,000	9/10/2003 – 8/10/2013	2.505

c. Long positions in shares of TOM Online (associated corporation)

Name of Directors	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total	Approximate percentage of shareholding
Mr. Sing Wang	Interest of a controlled corporation	–	–	83,142	–	83,142	0.002%
Mr. Wang	Beneficial owner	5,000,000	–	–	–	5,000,000	0.128%

d. Right to acquire shares in TOM Online (associated corporation)

Pursuant to the Online Pre-IPO Share Option Plan, Mr. Wang was granted an option on 16 February 2004 to subscribe for 165,000,000 shares of TOM Online at a subscription price of HK\$1.50 per share exercisable during the period from 16 February 2004 to 15 February 2014 (both dates inclusive).

e. Short positions in associated corporations

Mr. Wang has as of 12 June 2001 (as supplemented on 26 September 2003) granted an option to a subsidiary of the Company in respect of his 20% (RMB2,200,000) equity interest in Beijing Lei Ting whereby such subsidiary of the Company has the right at any time within a period of 10 years commencing from 26 September 2003 (which may be extended for another 10 years at the option of such subsidiary of the Company) to acquire all of Mr. Wang's equity interest in Beijing Lei Ting at an exercise price of RMB2,200,000.

Mr. Wang has also as of 19 November 2003 granted an option to a subsidiary of the Company in respect of his 80% (RMB800,000) equity interest in LTWJi whereby such subsidiary of the Company has the right at any time within a period of 10 years commencing from 19 November 2003 (which may be extended for another 10 years at the option of such subsidiary of the Company) to acquire all of Mr. Wang's equity interest in LTWJi at an exercise price of RMB800,000.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange.

(2) Particulars of service contracts

Each of Mr. Sing Wang and Ms. Tong Mei Kuen, Tommei, being all the executive Directors, has entered into a continuous service contract with the TOM Group commencing from 1 June 2000 in the case of Mr. Sing Wang and 17 March 2003 in the case of Ms. Tong Mei Kuen, Tommei. Mr. Wang, being a non-executive Director, has also entered into a continuous service contract with TOM Online commencing from 1 January 2004. The terms of the contracts with Mr. Sing Wang and Ms. Tong Mei Kuen, Tommei are continuous unless terminated by not less than three months' notice in writing served by either party on the other. The term of the contract with Mr. Wang is fixed at three years and thereafter will be continuous unless terminated by not less than three months' notice served by either party on the other. Each of the three Directors is entitled to the basic salary set out below (subject to review in December of each year).

In addition, Mr. Sing Wang and Ms. Tong Mei Kuen, Tommei are entitled to a bonus payable for each twelve month period at the discretion of the Board. Mr. Wang is also entitled to an annual bonus payable for each twelve months period completed by him commencing on 1 January of each calendar year immediately following the date he entered into his service contract. The amount of the bonus for Mr. Wang shall be determined at the discretion of the board of directors of TOM Online. Each of Mr. Sing Wang, Ms. Tong Mei Kuen, Tommei and Mr. Wang is

entitled to certain allowances, medical benefits and reimbursement of all reasonable out of pocket expenses. Neither of the above Directors is entitled to vote on the relevant board resolutions relation to any bonus payable to him or her. The current basic annual salaries of the above Directors are as follows:

Mr. Sing Wang	HK\$2,768,016
Ms. Tong Mei Kuen, Tommei	HK\$1,502,040
Mr. Wang	HK\$1,053,919

Save as disclosed above, none of the Directors has entered into any service agreements with any member of the TOM Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(3) Directors' interests in competing business

Mr. Frank John Sixt and Mrs. Chow Woo Mo Fong, Susan, the chairman of the Company and a non-executive Director respectively, are executive directors of HWL, Cheung Kong Infrastructure Holdings Limited ("CKI") and Hutchison Global Communications Holdings Limited ("HGCH") and directors of certain of their respective associates (collectively referred to in this paragraph as "HWL Group", "CKI Group" and "HGCH Group" respectively). Mr. Frank John Sixt is also a non-executive director of CKH and director of certain of its associates (collectively referred to as "CKH Group"). Mr. Ip Tak Chuen, Edmond, a non-executive Director, is an executive director of CKH and a director of certain of its associates. HWL Group is engaged in e-commerce and general information portals, event production, broadband content, sports-related content, event management and advertising and outdoor media. Both the CKH Group and the CKI Group are engaged in information technology, e-commerce and new technology. HGCH Group is engaged in systems integration and development of software and computer network systems. The Directors believe that there is a risk that such businesses may compete with those of the Group.

Mr. Sing Wang, an executive Director and chief executive officer of the Company, holds 4.55% of the equity interests in 北京雅寶在線拍賣有限公司 ("Yabuy Online") whose main business consists of the operation of yabuy.com, an online auction website in the PRC. The Directors believe that there is a risk that the business of Yabuy Online may compete with those of the TOM Group.

Ms. Tong Mei Kuen, Tommei, an executive Director and chief financial officer of the Company, is a beneficial owner of less than 1% of the equity interest in Qin Jia Yuan Media Services Company Limited ("Qin Jia Yuan") whose principal business engaged in the provision of media services in the PRC. The Directors believe that there is a risk that the business of Qin Jia Yuan may compete with those of the TOM Group.

Ms. Chang Pui Vee, Debbie, a non-executive Director, is a director of ChinaCare whose main business consists of healthcare related information technology, information and consulting services. ChinaCare had entered into a content provision agreement with LTWJi. The Directors are of the view that the provisions of IVR-related content by ChinaCare to LTWJi under the agreement is complementary to, and not in competition with, the business of provision of IVR services by

LTWJi. The provision of IVR-related content by ChinaCare will only be in competition with LTWJi's business if ChinaCare provides such content to other IVR services providers in the PRC. In this regard, Cranwood has undertaken, inter alia, to the Company that companies controlled by Cranwood will not in the PRC provide IVR-related content to the competitors of the TOM Group.

Save as disclosed above, none of the Directors or their respective Associates have any interests in a business, which competes or may compete with the business of the TOM Group.

(4) Directors' remuneration

- (a) The Company's policy concerning remuneration of executive Directors are:
 - (i) the amount of remuneration is determined on the basis of the relevant Directors' experience, responsibility, workload and the time devoted to the TOM Group;
 - (ii) non-cash benefits may be provided to the Directors under their remuneration package; and
 - (iii) the executive Directors may be granted, at the discretion of the board of Directors, options pursuant to the Share Option Scheme and/or the Proposed Share Option Scheme, as part of their remuneration package.
- (b) An aggregate of approximately HK\$32,185,000 was paid in cash and in kind to the Directors as remuneration for the year ended 31 December 2003. Further information in respect of the Directors' remuneration is set out in Note 13(a) headed "Directors' emoluments" in the section headed Accountants' Report in Appendix I on this document.
- (c) The aggregate remuneration payable to, and benefits in kind receivable by, the Directors from the TOM Group in respect of the year ending 31 December 2004 pursuant to the present arrangement (without taking into account any discretionary bonus) so far as can be estimated as at the Latest Practicable Date will be not less than HK\$9 million.
- (d) An aggregate of approximately HK\$23,038,000 and HK\$3,789,000 respectively as bonuses for each of the two financial years ended 31 December 2003 and 2002.

- (e) The Directors' emoluments during the Relevant Period are set out as follows:

	Year ended 31 December		
	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000
Mr. Sing Wang	6,376	7,080	20,637
Ms. Tong Mei Kuen, Tommei	–	–	7,996
Ms. Leung Quan Yue, Michelle	3,462	2,702	810
Mr. Lee Kwok Ming, Don	1,902	2,856	641
Mr. Guy Look	3,942		
Mr. Wang Lei Lei	–	162	1,565
Mr. Cheong Ying Chew, Henry	100	100	100
Mrs. Lee Pui Ling, Angelina	100	100	100
Mr. Frank John Sixt	50	50	50
Mrs. Chow Woo Mo Fong, Susan	50	50	50
Ms. Chang Pui Vee, Debbie	50	50	50
Mr. Ip Tak Chuen, Edmond	50	50	50
Mr. Holger Kluge	50	50	50
Mr. James Sha	50	50	50
Mr. Feng Qi	50	46	–
Ms. Wu Hung Yuk, Anna		–	35
	<u>16,231</u>	<u>13,346</u>	<u>32,185</u>

- (f) None of the Directors or any past directors of any member of the TOM Group has been paid any sum of money for each of the two financial years ended 31 December, 2003 (i) as inducement to join or upon joining the Company or (ii) for loss of office as a director of any member of the TOM Group or of any other office in connection with the management of the affairs of any member of the TOM Group.
- (i) There has been no arrangement under which a Director has waived or agreed to waive any emoluments in each of the two financial years ended 31 December 2003.
- (ii) The non-executive Directors have no fixed term of office but are subject to the provisions of retirement and rotation of Directors under the articles of association of the Company. The independent non-executive Directors, Mr. Cheong Ying Chew, Henry and Ms. Wu Hung Yuk, Anna received Director's fee of HK\$100,000 and HK\$35,342 respectively, for the year ended 31 December 2003.

Except for a non-executive Director, Mr. Wang who received Director's fee and other emoluments of HK\$1,565,358; an independent non-executive Director, Mrs. Lee Pui Ling, Angelina who will be re-designated as a non-executive Director with effect from the Listing Date and received Director's fee of

HK\$100,000, each of the six non-executive Directors, namely Mr. Frank John Sixt, Ms. Chang Pui Vee, Debbie, Mrs. Chow Woo Mo Fong, Susan, Mr. Ip Tak Chuen, Edmond and Mr. Holger Kluge and Mr. James Sha who will be re-designated as an independent non-executive Director with effect from the Listing Date and received Director's fee of HK\$50,000, for the year ended 31 December 2003.

- (iii) Apart from the executive Directors, two other individuals are amongst the five persons who receive the highest emoluments from the TOM Group for the year ended 31 December 2003. Particulars of emoluments paid to such individuals are set out in Note 13(b) headed "Five highest paid individuals" in the Accountants' Report in Appendix I to this document.

- (g) Mrs. Lee Pui Ling, Angelina, currently an independent non-executive Director and who will, on the Listing Date, be re-designated as a non-executive Director with effect from the Listing Date, is a partner of Messrs. Woo, Kwan, Lee & Lo, the legal advisers to the Company as to Hong Kong law in relation to the Introduction and to certain other transactions previously carried out by the TOM Group, which firm has received/will receive normal remuneration in respect of professional services rendered.

(5) Related party transactions

The TOM Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in note 37 in the paragraph headed "Notes to the Financial Information" in the Accountants' Report in Appendix I to this document and the paragraph headed "Connected Transactions" in the section headed "Business" in this document.

(6) Disclaimers

Save as disclosed in this document:

- (1) none of the Directors or chief executives has interests and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions) once the Shares are listed, or will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein once the Shares are listed, or will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange once the Shares are listed;

- (2) none of the Directors nor any of the persons whose names are listed in the paragraph headed “Consent of experts” in the section headed “Other Information” in this Appendix is interested in the promotion of the Company, or in any assets which have within the two years immediately preceding the issue of this document been acquired or disposed of by or leased to any member of the TOM Group, or are proposed to be acquired or disposed of by or leased to any member of the TOM Group;
- (3) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the TOM Group;
- (4) none of the persons whose names are listed in the paragraph headed “Consents of experts” in the section headed “Other Information” in this Appendix has any shareholding in any member of the TOM Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for or nominate persons to subscribe for securities in any member of the TOM Group;
- (5) none of the Directors has entered or has proposed to enter into any service agreements with the Company or any members of the TOM Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);
- (6) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Introduction or related transaction as mentioned in this document; and
- (7) so far as is known to the Directors, none of the Directors, their respective associates (as defined in the Listing Rules) or Shareholders who are interested in 5% or more of the issued share capital of the Company have any interests in the five largest customers or the five largest suppliers of the TOM Group.

IV. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the persons/companies (not being a Director or chief executive of the Company) (i) who have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows, or (ii) who had direct or indirect interest of 10% or more in the issued capital of the subsidiaries (as defined in the Listing Rules) of the Company (excluding those wholly-owned subsidiaries which the Group is not owner of their registered capital):

Name of shareholders	Capacity	No. of Shares held	Approximate percentage of shareholding
Mr. Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Li Ka-Shing Unity Trustee Corporation Limited (as trustee of The Li Ka-Shing Unity Discretionary Trust)	Trustee & beneficiary of a trust	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Li Ka-Shing Unity Trustcorp Limited (as trustee of another discretionary trust)	Trustee & beneficiary of a trust	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Li Ka-Shing Unity Trustee Company Limited (as trustee of The Li Ka-Shing Unity Trust)	Trustee	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,429,024,545 (L) (Notes 1 & 2)	36.74%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) (Note 1)	12.25%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) (Note 1)	12.25%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) (Note 1)	12.25%
Romefield Limited	Beneficial owner	476,341,182 (L) (Note 1)	12.25%

Name of shareholders	Capacity	No. of Shares held	Approximate percentage of shareholding
Hutchison Whampoa Limited	Interest of a controlled corporation	952,683,363 (L) (Note 2)	24.49%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) (Note 2)	24.49%
Easterhouse Limited	Beneficial owner	952,683,363 (L) (Note 2)	24.49%
Ms. Chau Hoi Shuen	Interest of controlled corporations	952,683,363 (L) (Note 3)	24.49%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	952,683,363 (L) (Note 3)	24.49%
Schumann International Limited	Beneficial owner	580,000,000 (L) (Note 3)	14.91%
Handel International Limited	Beneficial owner	348,000,000 (L) (Notes 3 & 4)	8.95%

(L) denotes long position

Notes:

- (1) Romefield Limited is a wholly-owned subsidiary of Sunnylink Enterprises Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Holdings (China) Limited. Cheung Kong Holdings (China) Limited is a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of Cheung Kong (Holdings) Limited.

By virtue of the SFO, Cheung Kong Investment Company Limited, Cheung Kong Holdings (China) Limited and Sunnylink Enterprises Limited are all deemed to be interested in the 476,341,182 Shares held by Romefield Limited.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited. Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, together with certain companies which Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 hold units in The Li Ka-Shing Unity Trust.

- (2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of Hutchison Whampoa Limited. By virtue of the SFO, Hutchison Whampoa Limited and Hutchison International Limited are deemed to be interested in the 952,683,363 Shares held by Easterhouse Limited.

In addition, subsidiaries of Cheung Kong (Holdings) Limited are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of Hutchison Whampoa Limited. By virtue of the SFO, Mr. Li Ka-shing, being the settlor and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Li Ka-Shing Unity Trustee Corporation Limited, Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited and Cheung Kong (Holdings) Limited are all deemed to be interested in the 476,341,182 Shares and 952,683,363 Shares held by Romefield Limited and Easterhouse Limited respectively.

- (3) Schumann International Limited and Handel International Limited are companies controlled by Cranwood Company Limited and Ms. Chau Hoi Shuen is entitled to exercise more than one-third of the voting power at the general meetings of Cranwood Company Limited.

By virtue of the SFO, Cranwood Company Limited is deemed to be interested in the 580,000,000 Shares and 348,000,000 Shares held by Schumann International Limited and Handel International Limited respectively in addition to 24,683,363 Shares held by itself.

By virtue of the SFO, Ms. Chau Hoi Shuen is deemed to be interested in the 24,683,363 Shares, 580,000,000 Shares and 348,000,000 Shares held by Cranwood Company Limited, Schumann International Limited and Handel International Limited respectively.

- (4) Pursuant to the stock borrowing agreements each dated 6 November 2003, Handel International Limited has lent an aggregate of 30,588,236 Shares to two financial institutions.

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following companies/persons were interested in 10% or more of the equity/shareholding interests of the subsidiaries (as defined in the Listing Rules) of the Company, other than those companies which are held by the Company through contractual arrangements and which are accounted for as wholly-owned subsidiaries of the Company:

Name of subsidiaries*	Name of shareholders	No. and class of shares held	Percentage of shareholding
Y.C. Press Advertising Limited	Yangcheng Enterprise Limited	1,200 ordinary shares	20%
YCP Advertising Limited	Yangcheng Enterprise Limited	2 ordinary shares	20%
Beijing GreaTom United Technology Company Limited	Great Wall Technology Company Limited	Registered capital RMB2,500,000	10%
廣東羊城報業體育發展有限公司 (Guangdong Yangcheng Press Sports Development Limited)	羊城晚報經濟發展總公司 (Yangcheng Evening News Economic Development Corporation)	Registered capital RMB1,000,000	20%
廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited)	羊城晚報經濟發展總公司 (Yangcheng Evening News Economic Development Corporation)	Registered capital RMB1,000,000	20%
Yazhou Zhoukan Holdings Limited	Skyland International Investment Limited	5,000 ordinary shares	50%
Cernet Information Technology Company Limited	賽爾網絡有限公司 (Cernet Network Company Limited)	Registered capital RMB29,400,000	49%
Nong Nong Magazine Company Limited	Barbizon Interculture Publication Company Limited	431,000 ordinary shares	17.24%
Panasia Publishing Company Limited	Weider Publications, LLC	700,000 ordinary shares	35%
Panasia Publishing Company Limited	Barbizon Interculture Publication Company Limited	200,000 ordinary shares	10%
Tennis Management Limited	Spectrum International Holding Limited	40 ordinary shares	40%
Shandong Longjun Media Company Limited	Jinan Qilu Advertising Company Limited	Registered capital RMB4,400,000	40%

* as defined under the Listing Rules

APPENDIX IX**STATUTORY AND GENERAL INFORMATION**

Name of subsidiaries*	Name of shareholders	No. and class of shares held	Percentage of shareholding
Liaoning New Star Guangming Media Assets Company Limited	Liaoning New Star Shengshi Advertising Company Limited	Registered capital RMB4,000,000	40%
Shenyang Sano Global Media Company Limited	Mr. Wang Cheng Cheng	Registered capital RMB1,200,000	40%
Xiamen Bomei Lianhe Advertising Company Limited	Xiamen Bomei Advertising Company Limited	Registered capital RMB1,000,000	40%
Henan New Tianming Advertising and Information Chuanbo Company Limited	Beijing Tianming International Investment Management Company Limited	Registered capital RMB3,000,000	50%
Qingdao Chunyu Advertising Chuanbo Company Limited	Qingdao Chunyu Advertising and Décor Construction Company Limited	Registered capital RMB450,000	30%
Sichuan Southwest Outdoor Media Company Limited	Sichuan Southwest International Advertising Company	Registered capital RMB900,000	30%
Fujian Seeout Guangming Media Advertising Company Limited	Fujian Seeout Outdoor Advertising Company Limited	Registered capital RMB1,500,000	30%
Guangzhou Tianyu Tenglong Advertising Company Limited	Mr. Deng Jian Ming	Registered capital RMB350,000	35%
CNPIT TOM Culture Company Limited	中圖信息技術有限公司 (CNPIT Information Technology Company Limited)	Registered capital RMB1,500,000	30%
China Entertainment Television Broadcast Limited	Turner Broadcasting System Asia Pacific, Inc.	10,778 ordinary shares	35.93%
Cite (H.K.) Publishing Group Limited	Wong Shun Hing	1,000,000 ordinary shares	23.81%
Cite (Malaysia) SDN. BHD.	Chew Kim Ming	40,000 ordinary shares	10%
Cite (Malaysia) SDN. BHD.	Brain Network (M) SDN. BHD.	60,000 ordinary shares	15%

* as defined under the Listing Rules

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the TOM Group.

V. SUMMARY OF THE PRINCIPAL TERMS OF THE PROPOSED SHARE OPTION SCHEME

The following is a summary of the principal terms of the rules of the Proposed Share Option Scheme to be adopted at the Extraordinary General Meeting. The adoption of the Proposed Share Option Scheme are conditional on the Listing Committee granting approval of the listing of, and permission to deal on the Main Board in, the Shares.

For the purposes of section V, section VI and section VII in this Appendix IX, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Business Associate”	(a) any advisor or consultant (in the areas of legal, technical, financial or corporate managerial) to the TOM Group; or (b) any supplier of goods or services to any member of the TOM Group; or (c) any customer of the TOM Group; or (d) any person or entity that provides research, development or other technological support to the TOM Group; or (e) any person or entity that promotes the sales and marketing of the goods of, or provides any promotional support to the TOM Group; or (f) any provider of financial assistance (directly or indirectly) to the TOM Group; or (g) any other group or class of persons or entities from time to time determined by the Directors as having contributed or may contribute by way of joint venture to the development and growth of the TOM Group;
“Redemption Price”	the amount (if any) by which (i) the net proceeds of sale (e.g. after payment of, without limitation, stamp duty, commissions, brokerage and Stock Exchange trading fee and SFC transaction levy and investor compensation levy) of the Shares in respect of which an SAR Option is exercised, exceeds (ii) the Subscription Price applicable to such Shares;

“SAR Option”	a right granted to receive the Redemption Price in respect of the Shares pursuant to the Proposed Share Option Scheme;
“Subscription Price”	the price per Share at which a Grantee (as defined below) may subscribe for Shares on the exercise of an Option, or by reference to which the Redemption Price will be calculated;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company, whether incorporated in Hong Kong or elsewhere and which, for the avoidance of doubt is also controlled by the Company directly, or indirectly through one or more intermediaries, where “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of that company, whether through the ownership of voting securities, by contract or otherwise.

(a) *Who may join*

The Board may, at its discretion, invite any Employee (as defined below), Business Associate and Trustee (other than any substantial shareholder of the company and/or any of its associates (within the meaning of the Listing Rules) (“Participant(s)”) to take up option to subscribe for Shares at a price calculated in accordance with sub-paragraph (e) below.

(b) *Purpose of the Proposed Share Option Scheme*

The purpose of the Proposed Share Option Scheme is to provide the TOM Group with a flexible means of attracting, retaining and motivating talented Participants to strive for future developments and expansion of the TOM Group. The Proposed Share Option Scheme shall be an incentive to encourage the Participants and to allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

(c) *Offer and grant of Options*

- (1) An offer shall be made to a Participant by letter in such form as the board of directors of the TOM Group or a duly authorised committee thereof (the “Board”) may from time to time determine requiring the Participant to undertake to hold the right granted to subscribe for shares or to receive Redemption Price in respect of Shares pursuant to the Proposed Share Option Scheme (“Option”) on the terms on which it is to be granted and to be bound by the provisions of the Proposed Share Option Scheme and shall remain open for acceptance by the Participant to whom an offer of the grant of an Option made in accordance with this paragraph (c) (“Offer”) is made for a period of 28 days from the date on which an Offer is made to a Participant which date must be a business day (“Offer Date”), provided that no such Offer shall be granted after the tenth anniversary of the adoption date of the Proposed Share Option Scheme or after the Proposed Share Option Scheme has been terminated in accordance with the provisions thereof.

- (2) Options shall entitle the grantee (“Grantee”) to subscribe for Shares on the terms set out in the Proposed Share Option Scheme save that if, at the time the Grantee wishes to exercise an Option, the exercise of the Option, the issue of Shares to the Grantee pursuant to the Proposed Share Option Scheme, the registration of the Grantee as the holder of such shares, the exercise and enjoyment of the rights attaching to such Shares or the performance of the obligations of the Company or the Grantee under the Proposed Share Option Scheme is not permitted by any applicable laws or regulations (including laws or regulations of the PRC or of any country or jurisdiction of which the Grantee is a national or resident), such Option shall not entitle the Grantee to subscribe for Shares but shall be a SAR Option which entitle the Grantee to receive the Redemption Price on the terms and conditions set out in the Proposed Share Option Scheme.
- (3) An Offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Offer duly signed by any Participant who accepts an Offer in accordance with the terms of the Proposed Share Option Scheme, or (where the context so permits) any person who is entitled to any Option in consequence of the death of the original Grantee with the number of Shares of HK\$0.10 each in the capital of the Company (or of such other nominal account as shall result from a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company from time to time (“Shares”) in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$5.00 (receipt of which shall be deemed to be acknowledged by the Company upon receipt of the duplicate letter comprising acceptance of the offer letter duly signed by the Grantee) by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable.
- (4) An Offer must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of Chapter 13 of the Listing Rules. In particular during the period commencing one month immediately preceding the earlier of:
- (i) the date of the board meeting (as such date is first notified to the Exchange in accordance with the Listing Rules for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),
- and ending on the date of the results announcement, no Option may be granted. Such period will cover any period of delay in the publication of a results announcement.

(d) *Terms and conditions of Options*

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by any member of the TOM Group, the Grantee or any group of Participants) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Proposed Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise), there is no minimum period for which an Option must be held before it can be exercised and no performance target need to be achieved by the Grantee before the Options can be exercised.

(e) *Price of Shares*

The Subscription Price will be a price determined by the Board at its absolute discretion and notified to the Participant and will be no less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

(f) *Maximum entitlement of each participant under the Proposed Share Option Scheme and number of Shares*

(1) (i) Subject to sub-paragraph (f)(1)(ii):

- (a) The total number of Shares which may be issued upon exercise of all options to be granted under the Proposed Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 per cent. of the total number of Shares in issue as at the date of approval of the Proposed Share Option Scheme unless the Company obtains a refreshed approval from the Shareholders pursuant to sub-paragraph (f)(1)(i)(b). Options lapsed in accordance with the terms of the Proposed Share Option Scheme will not be counted for the purpose of calculating such 10 per cent. limit.
- (b) The Company may seek approval of its shareholders in general meeting for refreshing the 10 per cent. limit set out in sub-paragraph (f)(1)(i)(a) such that the total number of Shares which may be issued upon exercise of all Options to be granted by the Board under the Proposed Share Option Scheme and any other share option schemes of the Company under the refreshed limit shall not exceed 10 per cent. of the total number of Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Proposed Share Option Scheme and any other share option schemes of the Company (including those

outstanding, cancelled, lapsed in accordance with the Proposed Share Option Scheme or exercised options) will not be counted for the purpose of calculating such 10 per cent. limit as refreshed.

- (c) The Company may grant Options to specified Participant(s) beyond the 10 per cent. limit set out in sub-paragraph (f)(1)(i)(a) provided that the Options granted in excess of such limit are specifically approved by the shareholders of the Company in general meeting and the Participants are specifically identified by the Company before such approval is sought. The Company shall send a circular to Shareholders setting out such information as required under the Listing Rules.
 - (ii) Notwithstanding anything in sub-paragraph (f)(1)(i) and subject to subparagraph (f)(2), the maximum number of Shares which may be issued upon exercise of outstanding Options granted and yet to be exercised under the Proposed Share Option Scheme and any other share option schemes of the Company shall not exceed 30 per cent. (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time.
- (2)
- (i) Subject to sub-paragraphs (f)(2)(iii) and (iv), the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1 per cent. of the total number of Shares in issue.
 - (ii) Notwithstanding sub-paragraph (f)(2)(i), any further grant of Options to a Participant in excess of the 1 per cent. limit shall be subject to Shareholders' approval with such Participant and his associates (within the meaning as ascribed under the Listing Rules) abstaining from voting. The Company shall send a circular to the Shareholders and the circular shall disclose, inter alia, the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant). The number and terms of the Options to be granted to such Participant shall be fixed before shareholders' approval of the grant of such Options and the date of Board meeting for proposing such further grant should be taken as the date of offer for the purpose of calculating the Subscription Price.
 - (iii) In addition to sub-paragraphs (f)(2)(i) and (f)(2)(ii), any grant of Options to a Participant who is a director, chief executive or substantial shareholder (all has the meaning as ascribed under the Listing Rules) of the Company or their respective associates (within the meaning as ascribed under the Listing Rules) must be approved by the independent non-executive Directors of the Company (excluding independent non-executive Director who is the Participant).
 - (iv) Where the Board proposes to grant any Option to a Participant who is an independent non-executive Director or any of their respective associates (within the meaning as ascribed under the Listing Rules) would result in the Shares

issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the proposed Offer Date of such grant (the “Relevant Date”):

- (a) representing in aggregate more than 0.1 per cent. of the total number of Shares in issue at the Relevant Date; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Relevant Date and if the Relevant Date is not a trading day, the trading day immediately preceding the Relevant Date, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the Shareholders in general meeting with the Participant concerned and all other connected persons (with the meaning as ascribed under the Listing Rules) of the Company to abstain from voting in favour at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll.

The Participant concerned and all other connected persons (as such term is defined in the Listing Rules) of the Company may vote against the resolution at the general meeting provided that such intention to do so has been stated in the circular. Any such party may change his mind as to whether to abstain or vote against the resolution, in which case the Company shall, if it becomes aware of the change before the date of the general meeting, immediately despatch a circular to the Shareholders or publish an announcement notifying the Shareholders of the change and, if known, the reason for such change. Where the circular is despatched or the announcement is published less than 14 days before the date originally scheduled for the general meeting, the meeting shall be adjourned before considering the relevant resolution to a date that is at least 14 days from the date of despatch of the circular or publication of the announcement by the chairman.

- (3) The maximum number of Shares referred to in paragraphs (f)(1) and (f)(2) may be adjusted as provided in paragraph (q) below.

(g) *Time of exercise of Option*

An Option may be exercised in accordance with the terms of the Proposed Share Option Scheme at any time during a period (the “Option Period”) to be notified by the Board to each Grantee provided that the period within which the Option must be exercised shall not be more than 10 years from the Offer Date.

(h) *Exercise of SAR Option*

- (1) SAR Options shall be exercised on the following terms and conditions (and if any of such conditions shall not be fulfilled the exercise of the SAR Option shall be void and of no effect):
 - (i) It shall be a condition of the exercise of a SAR Option that the relevant Shares shall be traded on the Main Board or such other recognised stock exchange as the Board shall approve, and that at all times during the period from and including the exercise of the SAR Option and the completion of the sale of the relevant Shares, dealings in the Shares on such exchange shall continue and shall not be suspended.
 - (ii) It shall be a further condition of the exercise of a SAR Option that the net proceeds of sale of the relevant Shares (as referred to in the definition of “Redemption Price”) shall exceed the Subscription Price of such Shares;
 - (iii) Upon the exercise of a SAR Option, and subject to it becoming unconditional in all respects, the Board shall approve, as soon as reasonably practicable, the Shares in respect of which the SAR Option is exercised (adjusted, where appropriate, pursuant to paragraph q), shall arrange for the sale on the Main Board or such other recognised stock exchange as the Shares shall be traded on, shall allot and instruct the Share Registrar to issue the relevant Shares to the relevant purchaser(s) or subscriber(s) or as it may direct, shall receive the whole of the net proceeds of sale of the Shares for the Company’s account, free of all liens or trusts, and shall pay to the Grantee, subject to paragraph (h)(2) below an amount equal to the Redemption Price in cash, by Company cheque or wire transfer at the Company’s election. The Grantee shall provide the Company with such information in relation to the method of making payment as the Company may require, and the making of such payment in accordance with such information shall operate as a complete and absolute discharge of the Company’s obligations to make payments in respect of the exercise of the SAR Option. If so requested by the Company, a Grantee shall deliver a duly executed receipt of payment contemporaneously with the making of such payment.
- (2) The Grantee shall be solely liable to pay all taxes and other levies which may be assessed or assessable on any payments made by the Company hereunder and all payments required to be made hereunder by the Company shall be subject to the deduction or withholding of such amounts as the Board may reasonably determine is necessary or desirable by reason of any liability to tax or obligation to account for tax or loss of any relief from tax which may fall on the Company or its subsidiary in respect of, or by reason of such payment or the exercise of the relevant SAR Option, and the Grantee agrees to indemnify and keep the Company (for itself and as trustee for its subsidiaries) indemnified in respect of any such liability, obligation or loss and

accepts that any claim in respect of such indemnity may be satisfied by set-off against any sums due from the Company or its subsidiary to such Grantee from time to time.

- (3) The Shares to which a SAR Option relates shall be allotted and issued on terms that they shall be fully paid up and the part of the net proceeds of issue which equals the Subscription Price of such Shares shall be credited to share capital and capital reserves.
- (4) The SAR Options are solely a device for the measurement and determination of the amount to be paid to each Grantee of a SAR Option. SAR Options shall not constitute or be treated as property or as a trust fund of any kind or as shares, an interest in shares, share options or any form of equity, but shall constitute an unsecured obligation of the Company to pay the Redemption Price on the terms set out in the Proposed Share Option Scheme.

(i) *Rights are personal to grantee*

An Option may not be transferred or assigned and is personal to the Grantee.

(j) *Rights on ceasing employment*

- (1) In the case where the Grantee is (a) any full-time employee and director (including non-executive director and independent non-executive director) of the TOM Group; and (b) any part-time employee of the TOM Group (“Employee”) and where the Grantee ceases to be an Employee for any reason other than his or her death or the termination of his or her employment or directorship on one or more of the grounds specified in paragraph (r)(4), the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within the period of 12 months following the date of such cessation which date shall be the last actual working day with the TOM Group (provided that such exercise is during the relevant Option Period, failing which it will lapse).
- (2) In the case where the Grantee is an Employee and where the Grantee ceases to be an employee or director of the TOM Group by reason of the termination of his or her employment or directorships on the grounds that he or she has become insolvent or has made any arrangements or compositions with his or her creditors generally or by reason of actual financial difficulties, the Grantee shall only be entitled to exercise the Options during the relevant Option Period up to the entitlement of such Grantee as at the date on which such Grantee ceased to be an employee or director of the TOM Group (to the extent not already exercised) within the period of 12 months following the date of such cessation which date shall be the last actual working day with the TOM Group (provided that such exercise is during the relevant Option Period, failing which it will lapse).

- (3) In the case where the Grantee is a trustee of any trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any Employee of Business Associate (“Trustee”) and where the relevant beneficiary of the Trust is an Employee, and such Employee ceases to be an Employee in the manner as referred to in paragraphs (j)(1) and (j)(2) above, the Grantee shall be entitled to exercise the Option in accordance with the provisions of paragraphs (j)(1) and (j)(2) above respectively, failing which it will lapse.

(k) *Rights on death*

- (1) In the case where the Grantee is an Employee or a Business Associate (in each case, being an individual) dies before exercising the Option in full and none of the events specified in paragraph (r)(4) arises, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option (provided that such exercise is during the relevant Option Period up to the entitlement of such Grantee as at the date of death (to the extent not already exercised), failing which it will lapse.
- (2) In the case where the Grantee is a Trustee and where the relevant beneficiary of the Trust is an Employee or a Business Associate, and such Employee or Business Associate (in each case, being an individual) dies, the Grantee shall be entitled to exercise the Option in accordance with the provisions of paragraph (k)(1) above, failing which it will lapse.

(l) *Rights on ceasing to be a Business Associate*

- (1) In the case (1) where the Grantee is a Business Associate who is an advisor or consultant to the TOM Group or any other person or entity under the definition of Business Associate, in each case, under a fixed term contract, if the Grantee ceases to be a Business Associate by reason of termination or expiry of the term of the relevant fixed term contract without any extension or renewal by the TOM Group for reasons other than (i) on one or more of the grounds specified in paragraph (r)(4), or (ii) on his or her death if the Business Associate is a natural person, or (2) where the Grantee is a Business Associate who is an advisor or consultant to the TOM Group or any other person or entity under the definition of Business Associate, in each case, not under any fixed term contract, if the Grantee ceases to be a Business Associate by reason of the Grantee ceasing to provide any further advisory or consultancy or other kind of services, support, assistance or contribution to the TOM Group as may be determined by the Board and notified to such Business Associate in writing within one year after the provision of its last services, support, assistance or contribution to the TOM Group for reasons other than (i) on one or more of the grounds specified in paragraph (r)(4), or (ii) on his or her death if the Business Associate is a natural person, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within the period of 9 months (or such longer period as the Board may determine) following the date of such cessation, which date shall, in the case of

(1) above, be the date of expiry of the relevant fixed term contract; and in the case of (2) above, be the date of the aforesaid written notification to the Business Associate failing which it will lapse.

- (2) In the case where the Grantee is a Trustee and where the relevant beneficiary of the Trust is a Business Associate, such Business Associate ceases to be a Business Associate in the manner as referred to in paragraph (1)(1) above, the Grantee shall be entitled to exercise the Option in accordance with the provisions of paragraph (1)(1) above, failing which it will lapse.

(m) Rights on take-over

If a general offer by way of takeover is made to all the holders of Shares (or such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) with the terms of the offer having been approved or accepted by the holders of not less than nine-tenths in value of the Shares comprised in the offer within four months from the date of the offer and the offeror thereafter gives a notice to acquire the remaining Shares, the Grantee (or, where appropriate, his or her legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) even though the Option Period has not come into effect during the occurrence of the general offer within 21 days after the date of such notice by the offeror.

(n) Rights on a compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company, takeover offer made to all the holders of Shares (or such holders other than the offeror, any person controlled by the offeror and any person acting in association or in concert with the offeror) (to the extent the same does not fall under paragraph (m) above), or the Company's amalgamation with any other company or companies, the Company shall give notice to the Grantee on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the court, provided that the relevant Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, all Options shall lapse except insofar as previously exercised under the Proposed Share Option Scheme. The Company may require the Grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(o) *Rights on winding-up*

In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than four business days prior to the proposed shareholders' meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.

(p) *Rights on listing of subsidiary*

In the event that the Grantee:

- (1) being an Employee, is an employee or a director of a Subsidiary; or
- (2) being a Business Associate who is an advisor, consultant, or goods or service provider or a customer, provides advisory, consultancy or other kind of goods or services, to a Subsidiary or is a customer of a Subsidiary; or
- (3) being a Business Associate who has supported, assisted or contributed to the TOM Group, the contribution is to a Subsidiary; or
- (4) being the Trustee and the relevant beneficiary of any trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any Employee or Business Associate ("Trust") is any of (1), (2) or (3) above;

and the shares in such Subsidiary (or in any other Subsidiary which is a holding company of such Subsidiary) shall be listed on, or become publicly traded on any recognised stock exchange, the Company may, if the Board considers it appropriate, give notices to the Grantee requiring the Grantee to exercise the Option (to the extent not already exercised) to its full extent specified in such notice and on such other terms as to exercise period, etc. as the Board shall decide. Any Option that is not exercised within the period as set out in the notice will lapse.

(q) *Effects of alterations to capital*

In the event of a capitalisation issue, rights issue, sub-division or consolidation of shares, or reduction of share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, whilst any Option remains exercisable, other than adjustments as a result of an issue of Shares as consideration in a transaction to which the Company is a party or an issue of shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to the TOM Group or in the event of any distribution of the

Company's capital assets to its shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised;
or
- (ii) the Subscription Price,

or any combination thereof, as the auditors shall certify in writing, either generally or as regard any particular Grantee, to have, in their opinion, fairly and reasonably satisfied the requirement that such adjustments give a participant the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled, but that no such adjustments be made to the extent that a share would be issued at less than its nominal value. The capacity of the auditors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the auditors shall be borne by the Company.

(r) *Lapse of Option*

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of the periods referred to in sub-paragraph (j), (k), (l), (m), (o) or (p) respectively;
- (3) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (n);
- (4) the date on which:
 - (i) the Grantee being an Employee, ceases to be an employee or director of the TOM Group by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct or has been convicted of any criminal offence involving his or her integrity or honesty;
or
 - (ii) the Grantee being a Business Associate who is an advisor or consultant or goods or service provider or customer of the TOM Group or who provides support, assistance or contribution to the TOM Group, and the Business Associate is under any contract with the TOM Group, such contract is terminated by reason of breach of contract on the part of the Business Associate; or

- (iii) the Grantee being a Business Associate, appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or ceases or threaten to cease to carry on its business, or is wound up, or has an administrator or liquidator being appointed for the whole or any part of its undertaking or assets; or has been convicted of any criminal offence involving integrity or honesty; or
- (iv) the Grantee being a Trustee, the relevant beneficiary being an Employee or a Business Associate, any one of the events referred to in (i) to (iii) above occurs to such beneficiary,

provided that whether any one or more of the events specified in the above occur in relation to a Grantee shall, in the reasonable opinion of the Board, be solely and conclusively determined by the Board;

- (5) the close of 4 business days prior to the shareholders' meeting of the Company held for the purpose of approving the voluntary winding-up of the Company or the date of the commencement of the winding-up of the Company;
- (6) the grantee assigns or transfers any interest in favour of any third party over or in relation to any option in breach of the Proposed Share Option Scheme; or
- (7) the date on which the Option is cancelled by the Board as provided in sub-paragraph (t) below.

An Option granted but not yet vested with the Grantee shall also lapse automatically in the event that the Grantee being an Employee or Business Associate ceases to be an Employee or Business Associate, as the case may be, for whatever reason or that in the case of the Grantee being a Trustee, the relevant beneficiary being an Employee or a Business Associate ceases to be an Employee or Business Associate, as the case may be, for whatever reason.

(s) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will be subject to the Company's articles of association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of exercise of the Option and in particular will rank in full for all dividends or other distributions declared paid or made on or after the date of exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore is before the date of exercise of the Option, provided always that when the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened.

(t) *Cancellation of Options granted*

The Board may at any time cancel Options previously granted to, but not yet exercised by a Grantee, with the prior consent of the relevant Grantee (which consent shall not be unreasonably withheld or delayed). Where the Company cancels Options and offers Options to the same Grantee, the offer of such new Option may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by the shareholders of the Company as mentioned in paragraph (f)(1) above.

(u) *Period of the Proposed Share Option Scheme*

The Proposed Share Option Scheme will continue to be in full force and effect for a period of ten years commencing on the date it is adopted at the Extraordinary General Meeting (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Proposed Share Option Scheme). After termination, no further options will be granted but the provisions of the Proposed Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Proposed Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(v) *Alteration to the Proposed Share Option Scheme*

- (a) The Proposed Share Option Scheme may be altered in any respect by a resolution of the Board, save that the provisions of the Proposed Share Option Scheme relating to matters contained in rule 17.03 of the Listing Rules shall not be altered to extend the class of persons eligible for the grant of Options or to the advantage of Grantees or prospective Grantees, except with the prior approval of shareholders of the Company in general meeting with participants and their associates abstaining from voting. No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration, except with the consent or sanction of such majority of the Grantees as would be required of the shareholders of the Company under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.
- (b) Any alteration to the terms and conditions of the Proposed Share Option Scheme, which is of a material nature or any change to the terms of any Option granted or agreed to be granted must be approved by the shareholders of the Company, except where such alterations take effect automatically under the existing terms of the Proposed Share Option Scheme. Subject to paragraph (t) above, the terms of such Option following any such change to the terms of any Option shall be no less favourable to the relevant Participant than the terms of such Option prior to such changes except any alteration of the Proposed Share Option Scheme operated to affect the terms of issue of any Option under paragraph (v)(a) above.
- (c) Any change to the authority of the Board or administrators of the Proposed Share Option Scheme in relation to any alteration to the terms of the Proposed Share Option Scheme must be approved by shareholders of the Company in general meeting.

(w) Conditions of the Proposed Share Option Scheme

The Proposed Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the independent shareholders of the Company to approve and adopt the Proposed Share Option Scheme, and to authorise the Directors to grant Options to subscribe for Shares hereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the Proposed Share Option Scheme; and
- (ii) the Listing Committee granting approval of the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the Options granted under the Proposed Share Option Scheme.

(x) Administration

The Proposed Share Option Scheme shall be subject to the administration of the Board or a committee of the Board and the decision of the Board or such committee shall be final and binding on all parties. The Board (or such committee) shall have the right (i) to interpret and construe the provisions of the Proposed Share Option Scheme, (ii) to determine the persons who will be awarded Options under the Proposed Share Option Scheme, and the number and Subscription Price of Options awarded thereto, (iii) to make such appropriate and equitable adjustments to the terms of Options granted under the Proposed Share Option Scheme as it deems necessary provided always that, subject to paragraph (v)(a) above, the terms of such Options following any such adjustment shall be no less favourable to the relevant Participant than the terms of such Option prior to such adjustment, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Proposed Share Option Scheme.

(y) Compliance with the Listing Rules

The terms of the Proposed Share Option Scheme are in compliance with the requirements of Chapter 17 of the Listing Rules.

VI. SUMMARY OF THE TERMS OF THE PRE-IPO SHARE OPTION PLAN

The principal terms of the Pre-IPO Share Option Plan, approved by a written resolution of shareholders of the TOM Group passed on 11 February 2000 are substantially the same as the terms of the Proposed Share Option Scheme except that:

- (a) the definition of “Employee” includes not only full-time employees (including executive directors) of the TOM Group but also full-time employees (including executive directors) of HWL and its subsidiaries;
- (b) only employees who, in the opinion of the Board are deserving of being granted an option by reason of their contribution to the Company before the date of grant and/or the listing of Shares on GEM, were qualified to be invited by the Board to take up options under the Pre-

IPO Share Option Plan, no Business Associate (as defined in section V of this Appendix IX) and Trustee (as defined in section V of this Appendix IX) would be entitled to participate in the Pre-IPO Share Option Plan;

- (c) substantial shareholders of the Company or their associates (within the meaning of the GEM Listing Rules) were not excluded from participation in the Pre-IPO Share Option Plan provided that granting of option to any of them under the Pre-IPO Share Option Plan would be subject to approval of independent Shareholders;
- (d) the Subscription Price shall be HK\$1.78;
- (e) the period within which an option granted under the Pre-IPO Share Option Plan may be exercised shall be not less than three years but not more than 10 years from the date on which the option is granted;
- (f) the maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Plan shall not exceed 78,696,000;
- (g) any cancellation of option granted under the Pre-IPO Share Option Plan but not exercised shall require approval of the Shareholders (and also by shareholders of any holding company which is listed on GEM or the Main Board of the Stock Exchange) in general meeting with the relevant grantees and their respective associates abstaining from voting;
- (h) save for the options which have been granted (see section VII below in the paragraph headed “Outstanding share options under the Pre-IPO Share Option Plan” of this Appendix IX), no further options would be offered or granted under the Pre-IPO Share Option Plan, as the right to do so had ended upon the listing of Shares on GEM;
- (i) on ceasing to be an employee for reason other than death, serious misconduct or conviction of criminal offence involving integrity or honesty, a grantee shall be entitled to exercise his or her option within 3 months following the date of such cessation ; and
- (j) all references of “GEM Listing Rules” in the Proposed Share Option Scheme will be replaced by “Listing Rules”.

VII. SUMMARY OF THE TERMS OF THE SHARE OPTION SCHEME

Save for differences due to replacement of “GEM Listing Rules” by “Listing Rules” and other changes in the Proposed Share Option Scheme to correspond the latest amendments to the Listing Rules, the principal terms of the Share Option Scheme are substantially the same as the terms of the Proposed Share Option Scheme except that:-

- (a) on ceasing to be an Employee on the ground of insolvency or for reason other than death, serious misconduct or conviction of criminal offence involving integrity or honesty, a grantee shall be entitled to exercise his or her option until expiration of the relevant option period; and

- (b) in the case where a grantee is an Employee or a Business Associate dies before exercising his or her option in full, the personal representative(s) of such grantee shall be entitled to exercise the option until expiration of the relevant option period.

As at the Latest Practicable Date, the Shares held in the public hands represent approximately 38.6% of the issued share capital of the Company, taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Plan or the Share Option Scheme or any Shares which may be issued by the Company upon conversion of the Convertible Bonds. Assuming that all of the outstanding options granted under the Pre-IPO Share Option Plan and the Share Option Scheme were exercised in full on the Latest Practicable Date, shareholding interest of the public would be reduced from approximately 38.6% to approximately 38.2% of the issued share capital of the Company, assuming that the issued share capital of the Company remains unchanged as at the Latest Practicable Date other than pursuant to the exercise of outstanding options granted under the Pre-IPO Share Option Plan or the Share Option Scheme.

In the event that the outstanding options under the Pre-IPO Share Option Plan and the outstanding options under the Share Option Scheme as at the Latest Practicable Date are exercised in full or in part, the earnings per Share and the shareholding interests of the then existing Shareholders will be diluted.

VIII. OUTSTANDING SHARE OPTIONS

The Company adopted the Pre-IPO Share Option Plan and the Share Option Scheme on 11 February 2000.

Outstanding share options under the Pre-IPO Share Option Plan

As at the Latest Practicable Date, options to subscribe for an aggregate of 16,196,000 Shares at a subscription price of HK\$1.78 per Share granted under the Pre-IPO Share Option Plan were outstanding. These options were granted to 3 persons who were employees of the TOM Group at the date of grant. All of these options have a duration of 10 years from 11 February 2000, but shall lapse where the grantee ceases to be employed by the TOM Group or by the Hutchison Group.

Outstanding share options under the Share Option Scheme

As at the Latest Practicable Date, options to subscribe for an aggregate of 193,201,000 Shares (which includes the options granted to Mr. Sing Wang, Ms. Tong Mei Kuen, Tommei, Mr. James Sha and Mr. Wang as disclosed above in the paragraph headed “Directors’ interests and short positions in shares, underlying shares and debentures”) granted pursuant to the Share Option Scheme were outstanding, details of which are as follows:

Date of grant	No. of outstanding share Options as at the Latest Practicable Date	No. of employees	Subscription price per share HK\$	Option period* (commencing from the date of grant and terminating ten years thereafter)
23/3/2000	2,412,000	57	11.30	23/3/2000 – 22/3/2010
31/5/2000	2,332,000	1	4.685	31/5/2000 – 30/5/2010
26/6/2000	1,150,000	33	5.89	26/6/2000 – 25/6/2010
30/6/2000	3,000,000	1	5.27	30/6/2000 – 29/6/2010
8/8/2000	16,838,000	138	5.30	8/8/2000 – 7/8/2010
15/11/2000	15,000,000	1	5.30	15/11/2000 – 14/11/2010
7/2/2002	37,402,000	6	3.76	7/2/2002 – 6/2/2012
9/10/2003	105,067,000	53	2.505	9/10/2003 – 8/10/2013
16/2/2004	10,000,000	1	2.55	16/2/2004 – 15/2/2014

* Those options that have been vested may be exercised within the option period, unless they have been cancelled. Generally, the options are vested in different tranches (subject to conditions set out in the offer letters).

IX. OTHER INFORMATION**(a) Estate duty and other tax indemnities**

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries under the laws of the Cayman Islands, the BVI, the Bahamas, Malaysia, Taiwan or the PRC, being jurisdictions in which one or more of the companies comprising the TOM Group are incorporated.

(b) Sponsor

Morgan Stanley Dean Witter Asia Limited has made an application on behalf of the Company to the Listing Committee for the listing of, and permission to deal in, on the Main Board (i) the Shares in issue; (ii) any Shares which may be issuable upon the exercise of any options which were granted under the Pre-IPO Share Option Plan and the Share Option Scheme; (iii) any Shares which may be issuable upon the exercise of any options which may, prior to the termination of the Share Option Scheme, be granted under the Share Option Scheme or any options which may be granted under the Proposed Share Option Scheme; (iv) any Shares which may be issuable upon the

exercise of the conversion rights under the Convertible Bonds; and (v) any Shares issuable by the Company as further described in the section headed “Summary of outstanding Shares to be issued by the TOM Group” in Appendix VIII of this document.

(c) Litigation

As at the Latest Practicable Date, save as mentioned below, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the TOM Group.

Three 65% owned subsidiaries of the Company, being (1) York Island (Guangzhou) Limited as plaintiff; (2) York Island (Chengdu) Limited as claimant; and (3) York Island (Beijing) Limited as claimant, have been involved in three separate proceedings initiated in 2003 before 廣州市中級人民法院 (the Guangzhou Intermediary People’s Court) and 中國國際經濟貿易仲裁委員會 (China International Economic and Trade Arbitration Commission) in the PRC respectively, concerning disputes in connection with agreements entered into by the respective subsidiaries relating to the leasing, construction or delivery of (i) bus shelter with light boxes; (ii) street name light boxes; and (iii) light boxes of bicycle shelters respectively by the respective defendant or respondents. No decision has been made by the respective court and tribunals yet. However, full provisions have been made during the three months ended 31 March, 2004 against the book value in the aggregate amount of approximately HK\$27.8 million in respect of the three proceedings abovementioned. Notwithstanding the provisions made, the management of the respective subsidiaries will continue to pursue recovery of the sum paid.

(d) Expenses

The expenses of the Company in relation to the Introduction are estimated to be approximately HK\$22,000,000 and are payable by the Company.

(e) Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualification
Commerce & Finance Law Offices	PRC legal advisers
Beilang Law Firm	PRC legal advisers
PricewaterhouseCoopers	Certified Public Accountants
DTZ Debenham Tie Leung Limited	Professional surveyors and valuers
Tsar & Tsai	Taiwan legal advisers
Maples and Calder Asia	Cayman Islands attorneys at law
Morgan Stanley Dean Witter Asia Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
Shearn Delamore & Co	Malaysia legal advisers

(f) Consents of experts

Each of Commerce & Finance Law Offices, Beilang Law Firm, PricewaterhouseCoopers, DTZ Debenham Tie Leung Limited, Tsar & Tsai, Maples and Calder Asia, Shearn Delamore & Co and Morgan Stanley Dean Witter Asia Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

(g) Miscellaneous

Save as disclosed in this document:

- (a) within the two years preceding the date of this document:
 - (i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash or for consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries;
 - (iii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

- (b) there has been no material adverse change in the financial or trading position of the TOM Group since 31 December 2003 (being the date to which the latest audited consolidated financial statements of the TOM Group were made up);
 - (c) there has not been any interruption in the business of the TOM Group which may have had a significant effect on the financial position of the TOM Group in the 12 months preceding the date of this document; and
 - (d) neither the Company nor any of its subsidiaries has issued or agreed to issue any founder shares, management shares, deferred shares or any debentures.
- (h) All necessary arrangements have been made with HKSCC for the Shares to continue to be accepted as eligible securities of CCASS.
- (i) No major change in the nature of the business of the TOM Group is being contemplated by the Directors following the listing of the Shares on the Main Board.

IX. GENERAL

- (a) The head office and principal place of business of the Company is at 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong. The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (b) The qualified accountant of the Company is Ms. Tong Mei Kuen, Tommei of Flat 25B, Block 6, Julimount Garden, Tai Wai, New Territories, Hong Kong. Ms. Tong graduated from the University of Hong Kong in 1986 with a Bachelor of Social Sciences Degree. She is also a Fellow of both the Chartered Association of Certified Accountants in England and the Hong Kong Society of Accountants.
- (c) The company secretary of the Company is Ms. Mak Soek Fun, Angela of Flat 4B, Ka Yee Court, 23-27 Mosque Street, Hong Kong. Ms. Mak holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of New South Wales in Australia and has been admitted as a solicitor in New South Wales (Australia), England and Wales and Hong Kong.
- (d) Save as disclosed in this document, the Directors are not aware of any person who was, as at the Latest Practicable Date, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including options in respect of such capital) carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries.
- (e) The English text of this document shall prevail over the Chinese text.

Copies of the following documents will be available for inspection at the office of Woo. Kwan, Lee & Lo, 27th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

- (a) the memorandum of association of the Company and the existing articles of association of the Company (“Existing Articles”) ;
- (b) the Articles of Association proposed to be adopted at the Extraordinary General Meeting;
- (c) the accountants’ reports signed by PricewaterhouseCoopers, the texts of which are set out in Appendices I and III to this document;
- (d) the annual reports of the Company for each of the three financial years ended 31 December 2001, 31 December 2002 and 31 December 2003 and the first quarterly report of the Company for the three months ended 31 March 2004;
- (e) the letters, summaries of valuation and valuation certificates relating to the property interests of the TOM Group prepared by DTZ Debenham Tie Leung Limited, the text of which is set forth in Appendix IV to this document;
- (f) the letter of advice summarising certain aspects of the Companies Law prepared by Maples and Calder Asia;
- (g) the Companies Law;
- (h) the shareholders’ circular dated 29 June 2004 issued by the Company for the proposed voluntary withdrawal of listing on GEM, waiver of the minimum notice period in respect of the proposed withdrawal, adoption of the Proposed Share Option Scheme, disclosure of certain financial and other information, adoption of new articles of association in substitution for the Existing Articles and general mandates for issue and repurchase of shares;
- (i) the rules of the Proposed Share Option Scheme;
- (j) the respective rules of the Pre-IPO Share Option Plan and the Share Option Scheme (as amended);
- (k) the respective rules of the Online Pre-IPO Share Option Plan and Online Share Option Scheme;
- (l) the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix IX to this document;
- (m) the documents referred to in the paragraph headed “Summary of contractual arrangements in respect of certain PRC entities within the TOM Group” in Appendix IX to this document;

- (n) the Directors' service contracts referred to in the paragraph headed "Statutory and General Information – Particulars of service contracts" in Appendix IX of this document; and
- (o) the written consents referred to in the paragraph headed "Statutory and General Information – Consents of experts" in Appendix IX to this document.