



TOM Group Limited
TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2383)



TOM Online Inc.
TOM在線有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8282)

JOINT ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 of the Listing Rules and Rule 17.10 of the GEM Listing Rules.

The respective boards of directors of TOM Group and TOM Online wish to inform the public of the potential impact of the policy changes for all subscription services on CMCC's Monternet platform on TOM Online's wireless Internet business.

The respective shareholders of TOM Group and TOM Online and public investors are advised to exercise caution when dealing in the shares of TOM Group and TOM Online.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and Rule 17.10 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

The respective boards of directors of TOM Group Limited ("TOM Group") and TOM Online Inc. ("TOM Online") announce that TOM Online received today a notice on policy changes for all subscription services on China Mobile's ("CMCC") Monternet platform. The changes, which are to be implemented under the policy directives of China's Ministry of Information Industry, aim to address a number of issues, including reducing customer complaints, increasing customer satisfaction and promoting the healthy development of Monternet.

Key details of these new policies include:

- **Monthly trial period and double reminders for new subscriptions (July 2006 implementation)** – For all subscription services (including SMS, MMS and WAP) on Monternet, CMCC will offer a one-month free trial period to new subscribers, where they will be given two reminders: the first at the time of service registration and the second at the end of the free trial period. For new users subscribing to services on or before the 20th day of any month, the content fee for the first month will be waived. For users subscribing on or after the 21st day to the end of any month, content fees for that month and the following month will be waived. Implementation of this new service standard is expected to begin in July. Currently, CMCC sends one reminder immediately after the subscription is ordered and the free trial period is three to eleven days.
- **Existing user subscription reminders (August to September 2006 implementation)** – From August to September, depending on provincial operators' own work schedules, CMCC and its provincial subsidiaries plan to gradually send SMS reminders to existing WVAS subscribers about their subscriptions and fees being charged. Some provincial subsidiaries of CMCC including Guangdong Mobile, one of CMCC's largest provincial subsidiaries, will not charge subscription fees to existing customers' phone bills unless these customers reply to the reminders to confirm their subscriptions. In addition, it is expected that each provincial subsidiary of CMCC will begin to cancel existing WAP subscriptions which have been inactive for more than four months.

Although TOM Online is currently in the process of making a detailed assessment of the potential impact of these new policies on its wireless Internet business, it believes the impact will be negative and significant. Based on TOM Online's current and preliminary assessment, it believes these new policies could impact its business in three key areas: namely (1) the new policies would likely reduce the effectiveness of TOM Online's existing subscriber acquisition campaigns, (2) increased churn of monthly subscription base during the period of sending subscription reminders to existing users, and (3) based on historical operating data, the new policies have the potential to shorten TOM Online's average subscription duration (from when subscribers sign up for service to when they cancel) to less than the current range of about 3-months, due to the addition of a free trial period. TOM Online believes CMCC's new policies are aimed at creating a more regulated industry environment to lower customer complaints and increase user satisfaction. Although user subscriptions will be affected in the near term, the industry's overall development is likely to benefit in the longer term.

TOM Online believes the actual policies changes announced today by CMCC (as highlighted above) could have an impact significantly more negative than previously envisaged.

TOM Online is assessing and will continue to assess the impact of the new policies and their implementation on its business.

Wireless Internet revenues made up roughly 94% of TOM Online's total revenues in the first quarter of 2006.

* For identification purpose

The respective shareholders of TOM Group and TOM Online and public investors are advised to exercise caution when dealing in the shares of TOM Group and TOM Online.

By Order of the Board
TOM GROUP LIMITED
Pessy Yu
Company Secretary

By Order of the Board
TOM ONLINE INC.
Pessy Yu
Company Secretary

Hong Kong, 7 July 2006

As at the date hereof, the directors of TOM Group are:

Executive Directors:

Ms. Tommei Tong
Ms. Angela Mak

Non-executive Directors:

Mr. Frank Sixt (Chairman)
Ms. Debbie Chang
Mrs. Susan Chow
Mr. Edmond Ip
Mrs. Angelina Lee
Mr. Wang Lei Lei

Independent non-executive Directors:

Mr. Henry Cheong
Ms. Anna Wu
Mr. James Sha

As at the date hereof, the directors of TOM Online are:

Executive Directors:

Mr. Wang Lei Lei
Mr. Jay Chang
Mr. Peter Schloss
Ms. Elaine Feng
Mr. Fan Tai
Mr. Wu Yun

Non-executive Directors:

Mr. Frank Sixt (Chairman)
Ms. Tommei Tong (Vice Chairman)
Ms. Angela Mak

Independent non-executive Directors:

Mr. Gordon Kwong
Mr. Ma Wei Hua
Dr. Lo Ka Shui

Alternate Director:

Mrs. Susan Chow
(Alternate to Mr. Frank Sixt)

Please also refer to the published version of this announcement in The Standard.