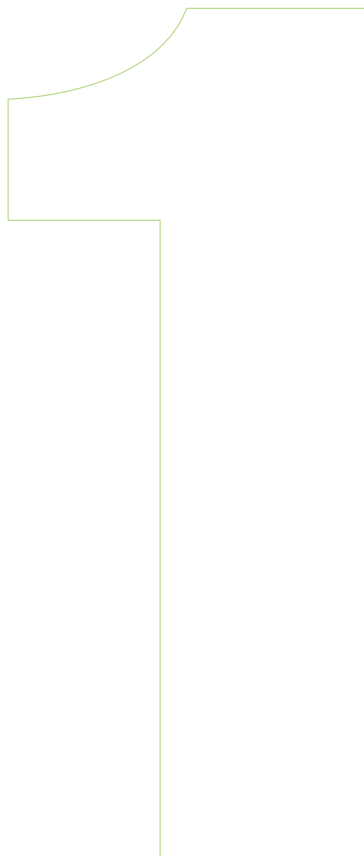


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*"Reached over Hong Kong dollar one billion  
annualised revenue run rate"*



**First Quarterly Report 2002**

**TOM.COM LIMITED**

Incorporated in the Cayman Islands with limited liability



## **CHARACTERISTICS OF GEM**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

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

## DEFINITIONS

|                     |  |
|---------------------|--|
| “AA Stocks”         | means AA Stocks International Limited                              |
| “Associates”        | means the same definition as described under the GEM Listing Rules |
| “Business Weekly”   | means 商周文化事業股份有限公司 (Business Weekly Publishing Inc.)               |
| “Cernet Online”     | means 北京賽爾在線通信技術有限公司 (Cernet Online Company Limited)               |
| “ChinaPlus”         | means 北京中時通互動科技有限公司 (ChinaPlus (Beijing) Company Limited)          |
| “Cité”              | means 城邦文化事業股份有限公司 (Cité Publishing Limited)                       |
| “Directors”         | means the directors of TOM.COM LIMITED                             |
| “GEM”               | means the Growth Enterprise Market of the Stock Exchange           |
| “GEM Listing Rules” | means the Rules Governing the Listing of Securities on the GEM     |
| “Greater China”     | means Mainland China, Hong Kong, Macau and Taiwan                  |
| “Hong Xiang”        | means 廣州鴻翔音像製作有限公司   |

|                       |  |
|-----------------------|--|
| “Mainland China”      | means the People's Republic of China, excluding Hong Kong, Macau and Taiwan  |
| “Maya Online”         | means 上海美亞在線寬頻網絡有限公司 (Shanghai Maya Online Broadband Network Company Limited)  |
| “PC Home”             | means 電腦家庭文化事業股份有限公司 (PC Home Publications Inc.)   |
| “Redsail”             | means 北京紅帆網神數據網絡技術有限公司(Beijing Redsail Netlegend Data Network Technology Company Limited)                                  |
| “SDI Ordinance”       | means the Securities (Disclosure of Interests) Ordinance   |
| “Share Option Scheme” | means the employee share option scheme adopted by TOM.COM LIMITED on 11 February 2000 (which was amended on 24 April 2002) |
| “Sharp Point”         | means 尖端出版股份有限公司 (Sharp Point Publishing Co., Limited)   |
| “Stock Exchange”      | means The Stock Exchange of Hong Kong Limited  |

## CHAIRMAN'S STATEMENT

I am pleased to announce the results of TOM.COM LIMITED (“TOM” or the “Company”) and its subsidiaries (collectively referred to as the “TOM Group” or the “Group”) for the three months ended 31 March 2002.

The first quarter of the year is historically the weakest quarter for the advertising market in Greater China. This weak seasonality was compounded by an overall weakness in the global economic environment. While online revenue was negatively affected, offline revenue grew by 13%, resulting in a steady 8% growth in total revenue over the previous quarter. The growth in offline revenue reflects a steady performance of the asset base carried forward from the last quarter, together with the contribution of a new acquisition in the print division, Business Weekly. The previously announced acquisitions of Hong Xiang and nine outdoor media companies are on track for completion but have not yet contributed to the Group's results.

Key first quarter achievements include:

- Reached over HK\$1 billion annualised revenue run rate
- 8% increase in total revenue over the previous quarter despite weak seasonality of the advertising market
- 22% reduction in loss before interest, taxation, depreciation and amortisation
- First-time contribution from Business Weekly assures full-year contribution from TOM's 40% market share in Taiwan's print sector
- Made further progress toward the objective of becoming the leading operator of billboards and unipoles in Mainland China
- Expanded into Mainland China's music and entertainment industry

## Financial Highlights

|  | For the three month period ended |                  |
|--|----------------------------------|------------------|
|  | 31 March 2002                    | 31 December 2001 |
|  | HK\$'000                         | HK\$'000         |
| Turnover   | <b>264,521</b>                   | 245,114          |
| Cost of sales  | <b>155,080</b>                   | 172,490          |
| Gross profit   | <b>109,441</b>                   | 72,624           |
| Loss before interest, taxation,<br>depreciation and amortisation | <b>35,109</b>                    | 45,273           |
| Loss attributable to shareholders*                               | <b>74,948</b>                    | 410,824          |

\* Loss attributable to shareholders for the three month period ended 31 December 2001 includes provisions for impairment of goodwill and fixed assets totalling HK\$330 million.

## Financial Performance

The TOM Group's unaudited consolidated revenue for the three months ended 31 March 2002 amounted to HK\$265 million, an increase of 8% over the previous quarter. Online revenue dipped to HK\$38 million, a result of advertising seasonality compounded by a difficult online advertising environment. TOM has introduced initiatives which are expected to reduce the dependence of its online operations on advertising revenues in future quarters. In contrast to the decline in online revenue, offline revenue recorded a 13% growth to HK\$227 million, representing 86% of total revenue in the quarter.

TOM reduced its loss before interest, taxation, depreciation and amortisation by 22% to HK\$35 million. A net loss of HK\$75 million was recorded for the quarter, an improvement of 7% ignoring the effect of the provisions made in the previous quarter.

Comparing financial performance to the same period last year, revenue for the three months ended 31 March 2002 recorded an increase of 2.4 times from HK\$77 million in the corresponding period in 2001. Operating loss in the three months was reduced by 11% from HK\$62 million to HK\$55 million year-on-year, reflecting the Group's broadened offline revenue base and a disciplined approach to overall cost management. Loss attributable to shareholders marginally increased by 7% from HK\$70 million as a result of a reduction in interest income.

## **Business Review**

### ***Offline***

#### *Print*

With the first-time contribution from Business Weekly this quarter, TOM will enjoy full-year contributions from its portfolio of 40 magazines and 8,000 book titles. Increased focus will be placed on expanding its 40% market share in Taiwan and consolidating additional print media properties and opportunities in Greater China.

The rationalisation and integration of PC Home and Cité have continued to deliver steady increases in operating and profit margins quarter-on-quarter. Centralisation of common functions and re-negotiations with suppliers and distributors have cut overall production and distribution costs for the division by over 10%. Further reductions are expected as Sharp Point and Business Weekly pursue similar initiatives. Cross-selling across TOM's publishing groups has begun, resulting in increased advertising and subscription sales. Further revenue, cost and operating synergies have been identified through performance benchmarking of all the Group's units against leading international publishers and will be pursued going forward.

#### *Outdoor*

TOM continued to consolidate important assets in Mainland China's outdoor media market during the quarter with the announcement of acquisitions of an

additional five leading outdoor operators in the northeast, southeast and southwest regions. With these acquisitions TOM's nationwide outdoor media network will extend to 22 major cities with a total of 170,000 square metres of advertising space. The network is unique in its predominance of billboards and unipoles, which account for 75% of TOM's diversified outdoor media base.

In parallel, TOM made good progress in the integration of its outdoor operations. Branding of 12 outdoor subsidiaries has been aligned with TOM's corporate identity. A dedicated team has begun implementing Group-wide financial and operating standards and devising co-ordinated Group pricing strategies. The Group is developing a proprietary Web-based outdoor media asset management system to standardise client management and optimise utilisation of outdoor media inventory.

#### *Sports*

TOM is pursuing several marketing opportunities arising from the 2002 FIFA World Cup. As the exclusive advertising agent of China's Official Guide to the World Cup, TOM completed the sale of advertising space on the pre-game issue in this quarter. The Company has begun producing "World Cup Preview", a TV series syndicated to TV stations across Mainland China starting from April 2002 in exchange for commercial airtime. TOM is also leading one of the first efforts in Mainland China to form a nationwide football fan club as part of a marketing programme.

#### *Music & Entertainment*

During the quarter, TOM extended its media strategy to the music and entertainment sector by acquiring a 50% interest in Hong Xiang. The acquisition broadens the Company's revenue base, adding stable content sales to balance advertising-driven revenue. Cross-divisional synergies will be realised from the distribution of Hong Xiang's proprietary content across TOM's various media platforms. TOM will also seek to repackage its broadband, print and sports TV content into audio and visual products.



## **Online**

TOM's telecom value-added services continued to register strong user uptake, reinforcing TOM's position as a leading telecom VAS portal. The number of mobile and pay e-mail users doubled over the previous quarter to 170,000 and the number of registered SMS users doubled to reach 745,000. Premium TOMNET Internet access solutions have begun penetrating the higher margin corporate market. Additional online initiatives this quarter included a joint venture with CERNET Corporation and the launch of Maya Online's "China Interactive TV" and "China Police Report" TV series.

## **Business Outlook**

Acquisition and integration efforts throughout the quarter position the Company for continued growth. On the current outlook, the Group targets to achieve cash flow break-even in 2002. TOM's acquisition strategy has added profitable entertainment and outdoor media businesses to its portfolio. The eventual contribution from the Hong Xiang and additional outdoor acquisitions previously announced will enhance TOM's profitability in future quarters. In parallel, TOM's integration strategy has steered each division towards achieving industry leading performance benchmarks, with the result that I expect continued overall margin enhancement for the year across the Group's businesses.

I would like to thank the management and staff who contributed to this successful quarter through their hard work and continuing commitment.

**Frank Sixt**  
*Chairman*

Hong Kong, 8 May 2002

## UNAUDITED CONSOLIDATED RESULTS

For the three months ended 31 March 2002

|   | <i>Notes</i> | Three months ended 31 March |                  |
|---|--------------|-----------------------------|------------------|
|   |              | 2002<br>HK\$'000            | 2001<br>HK\$'000 |
| Turnover  |              | <b>264,521</b>              | 77,004           |
| Cost of sales                                     |              | <b>155,080</b>              | 38,005           |
| Interest income                                   |              | <b>(1,652)</b>              | (10,673)         |
| Selling and marketing expenses                    |              | <b>39,825</b>               | 20,538           |
| Administrative expenses                           |              | <b>47,067</b>               | 29,877           |
| Other operating expenses                          |              | <b>46,570</b>               | 36,058           |
| Amortisation and depreciation                     |              | <b>32,395</b>               | 24,837           |
| Operating loss                                    |              | <b>54,764</b>               | 61,638           |
| Finance costs                                     |              | <b>3,534</b>                | –                |
| Share of losses of jointly<br>controlled entities |              | <b>10,769</b>               | 7,253            |
| Share of losses of associated<br>companies        |              | <b>319</b>                  | 923              |
| Loss before taxation                              |              | <b>69,386</b>               | 69,814           |
| Taxation  | 2            | <b>8,196</b>                | 611              |
| Loss after taxation                               |              | <b>77,582</b>               | 70,425           |
| Minority interests                                |              | <b>(2,634)</b>              | (91)             |
| Loss attributable to shareholders                 |              | <b>74,948</b>               | 70,334           |
| Loss per share                                    | 3            | <b>HK2.28 cents</b>         | HK2.22 cents     |

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.

Certain comparative figures have been reclassified to conform with the current period's presentation.

### 2. Taxation

The amount of taxation charged to the consolidated profit and loss account represents:

|  | Three months ended 31 March |            |
|--|-----------------------------|------------|
|  | 2002                        | 2001       |
|  | HK\$'000                    | HK\$'000   |
| Hong Kong profits tax ( <i>note a</i> )              | 68                          | –          |
| Mainland China and Taiwan taxation ( <i>note b</i> ) | 5,972                       | 811        |
| Deferred taxation ( <i>note c</i> )                  | 2,156                       | –          |
|  | <u>8,196</u>                | <u>811</u> |

- (a) Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period.
- (b) Taxation on profits of subsidiaries in the Mainland China and Taiwan has calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the Mainland China and Taiwan.
- (c) Deferred taxation has been provided at the rate of 20% on the estimated distributable profits attributable to the Group in respect of subsidiaries operating in Taiwan, according to the prevailing tax regulations.
- (d) No recognition of the potential deferred taxation assets relating to tax losses of the Group has been made as the recoverability of this potential deferred taxation assets is uncertain.

### 3. Loss per share

The basic loss per share is based on the weighted average of 3,285,181,008 (2001: 3,174,442,383) ordinary shares in issue during the period.

The exercise of share options granted by the Company would have an anti-dilutive effect on the loss per share for the three month period ended 31 March 2002 and 2001.

#### 4. Dividends

No dividends had been paid or declared by the Company during the period (2001: Nil).

#### 5. Movement of reserves

|  | Share<br>premium<br>account<br>HK\$'000 | Capital<br>reserve<br>HK\$'000 | Capital<br>redemption<br>reserve<br>HK\$'000 | Exchange<br>difference<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 | Total<br>HK\$'000 |
|--|---|--------------------------------|--|------------------------------------|-----------------------------------|-------------------|
| At 1 January 2001  | 1,813,482                               | (377)                          | 776  | (28)                               | (1,342,735)                       | 471,118           |
| Issuance of shares<br>for acquisition<br>of subsidiaries | 289,460                                 | -                              | -  | -                                  | -                                 | 289,460           |
| Exercise of share<br>options                             | 10,171                                  | -                              | -  | -                                  | -                                 | 10,171            |
| Loss for the period                                      | -                                       | -                              | -  | -                                  | (70,334)                          | (70,334)          |
| Exchange difference                                      | -                                       | -                              | -  | 306                                | -                                 | 306               |
| At 31 March 2001   | <u>2,113,113</u>                        | <u>(377)</u>                   | <u>776</u>                                   | <u>278</u>                         | <u>(1,413,069)</u>                | <u>700,721</u>    |

|  | Share<br>premium<br>account<br>HK\$'000 | Capital<br>reserve<br>HK\$'000 | Capital<br>redemption<br>reserve<br>HK\$'000 | General<br>reserve<br>HK\$'000 | Exchange<br>difference<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 | Total<br>HK\$'000 |
|--|---|--------------------------------|--|--------------------------------|------------------------------------|-----------------------------------|-------------------|
| At 1 January 2002  | 2,231,099                               | (377)                          | 776  | 139                            | (547)                              | (1,978,761)                       | 252,329           |
| Issuance of shares<br>for acquisition<br>of subsidiaries | 9,060                                   | -                              | -  | -                              | -                                  | -                                 | 9,060             |
| Exercise of share<br>options                             | 17,815                                  | -                              | -  | -                              | -                                  | -                                 | 17,815            |
| Share issuing expenses                                   | (183)                                   | -                              | -  | -                              | -                                  | -                                 | (183)             |
| Loss for the period                                      | -                                       | -                              | -  | -                              | -                                  | (74,948)                          | (74,948)          |
| Exchange difference                                      | -                                       | -                              | -  | -                              | 147                                | -                                 | 147               |
| At 31 March 2002   | <u>2,257,791</u>                        | <u>(377)</u>                   | <u>776</u>                                   | <u>139</u>                     | <u>(400)</u>                       | <u>(2,053,709)</u>                | <u>204,220</u>    |

## DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 March 2002, the interests of the Directors in the shares and options of TOM and its associated corporations (within the meaning of the SDI Ordinance), as required to be recorded in the register maintained by TOM under Section 29 of the SDI Ordinance were as follows:

### (1) Directors' interests in shares

| Name of Director        | Number of shares of TOM |                  |                     |                 | Total     |
|-------------------------|-------------------------|------------------|---------------------|-----------------|-----------|
|                         | Personal Interests      | Family Interests | Corporate Interests | Other Interests |           |
| Sing Wang <i>(Note)</i> | –                       | –                | 5,898,000           | –               | 5,898,000 |

*Note:* By virtue of the SDI Ordinance, Mr. Sing Wang is deemed to be interested in 5,898,000 shares of TOM held by Amerinvest Technology Associates I Limited, which is wholly-owned by him.

### (2) Directors' right to acquire shares

Pursuant to the Share Option Scheme, certain Directors were granted share options to subscribe for the shares of TOM, details of which as at 31 March 2002 were as follows:

| Name of Directors | Date of grant | Number of share options outstanding as at 31 March 2002 | Option period                                   | Subscription price per share of TOM HK\$ |
|-------------------|---------------|---|---|--|
| Sing Wang         | 30/6/2000     | 15,000,000  | 30/6/2000-29/6/2010<br><i>(Notes 1 &amp; 4)</i> | 5.27                                     |
|                   | 8/8/2000      | 14,354,000  | 8/8/2000-7/8/2010<br><i>(Notes 1 &amp; 4)</i>   | 5.30                                     |
|                   | 7/2/2002      | 20,000,000  | 7/2/2002-6/2/2012<br><i>(Note 1)</i>            | 3.76                                     |

**(2) Directors' right to acquire shares (continued)**

| Name of Directors     | Date of grant | Number of share options outstanding as at |  | Option period                                   | Subscription price per share of TOM<br>HK\$ |
|-----------------------|---------------|---|--|---|---|
|                       |               | 31 March 2002                             |  |   |   |
| Lee Kwok Ming,<br>Don | 7/2/2002      | 10,000,000                                |  | 7/2/2002-6/2/2012                               | 3.76  |
| Michelle Leung        | 31/5/2000     | 7,000,000                                 |  | 31/5/2000-30/5/2010<br><i>(Notes 2 &amp; 5)</i> | 4.685                                       |
|                       | 8/8/2000      | 4,700,000                                 |  | 8/8/2000-7/8/2010<br><i>(Notes 2 &amp; 5)</i>   | 5.30  |
|                       | 7/2/2002      | 10,000,000                                |  | 7/2/2002-6/2/2012<br><i>(Note 2)</i>            | 3.76  |
| James Sha             | 8/4/2000      | 15,000,000                                |  | 8/4/2000-9/4/2003<br><i>(Notes 3 &amp; 6)</i>   | 8.78  |
|                       | 15/11/2000    | 15,000,000                                |  | 15/11/2000-14/11/2010<br><i>(Note 3)</i>        | 5.30  |

*Notes:*

1. Upon the acceptance of the option granted on 7 February 2002, Mr. Sing Wang has agreed not to exercise (i) the option to subscribe for 12,000,000 shares of TOM granted to him on 30 June 2000; and (ii) the option to subscribe for 12,216,000 shares of TOM granted to him on 8 August 2000.
2. Upon the acceptance of the option granted on 7 February 2002, Ms. Michelle Leung has agreed not to exercise (i) the option to subscribe for 4,668,000 shares of TOM granted to her on 31 May 2000; and (ii) the option to subscribe for 4,000,000 shares of TOM granted to her on 8 August 2000.
3. Upon the acceptance of the option granted on 15 November 2000, Mr. James Sha has agreed not to exercise any of the options granted to him on 8 April 2000.

4. Pursuant to the ordinary resolution passed at the Extraordinary General Meeting of TOM held on 24 April 2002, (i) option to subscribe for 12,000,000 shares of TOM granted to Mr. Sing Wang on 30 June 2000; and (ii) option to subscribe for 12,216,000 shares of TOM granted to Mr. Sing Wang on 8 August 2000 were cancelled.
5. Pursuant to the ordinary resolution passed at the Extraordinary General Meeting of TOM held on 24 April 2002, (i) option to subscribe for 4,668,000 shares of TOM granted to Ms. Michelle Leung on 31 May 2000; and (ii) option to subscribe for 4,000,000 shares of TOM granted to Ms. Michelle Leung on 8 August 2000 were cancelled.
6. Pursuant to the ordinary resolution passed at the Extraordinary General Meeting of TOM held on 24 April 2002, option to subscribe for 15,000,000 shares of TOM granted to Mr. James Sha on 8 April 2000 was cancelled.

Save as disclosed above, during the three months ended 31 March 2002, none of the Directors or their Associates was granted options to subscribe for shares of TOM, nor had exercised such rights.

Save as disclosed above, none of the Directors or their Associates had, as at 31 March 2002, any interests in the shares of TOM or its associated corporations as recorded in the register required to be kept under Section 29 of the SDI Ordinance.

## **OUTSTANDING SHARE OPTIONS**

As at 31 March 2002, options to subscribe for an aggregate of 207,712,000 shares of TOM granted pursuant to the Pre-IPO Share Option Plan adopted by TOM on 11 February 2000 (as described in Appendix IV to TOM's prospectus dated 18 February 2000) and the Share Option Scheme were outstanding. Details of which were as follows:

### **(1) Pre-IPO Share Option Plan**

As at 31 March 2002, options carrying the rights to subscribe for an aggregate of 25,726,000 shares of TOM at a subscription price of HK\$1.78 per share were outstanding. These options were granted to 5

persons who are employees of the 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 Group or the Hutchison Whampoa Limited group of companies.

## (2) Share Option Scheme

Options to subscribe for an aggregate of 181,986,000 shares of TOM (which include the options granted to Mr. Sing Wang, Mr. Lee Kwok Ming, Don, Ms. Michelle Leung and Mr. James Sha as disclosed above) were outstanding as at 31 March 2002, breakdown of which are set out below:

| Date of grant | No. of share options | No. of employees | Subscription price per share of TOM<br>HK\$ | Option period *<br>(commencing from date of grant and terminating up to ten years thereafter) |
|---------------|----------------------|------------------|---|---|
| 23/3/2000     | 5,736,000            | 99               | 11.30                                       | 23/3/2000 – 22/3/2010   |
| 8/4/2000      | 15,000,000           | 1                | 8.78  | 8/4/2000 – 9/4/2003   |
| 31/5/2000     | 7,000,000            | 1                | 4.685                                       | 31/5/2000 – 30/5/2010   |
| 26/6/2000     | 3,476,000            | 68               | 5.89  | 26/6/2000 – 25/6/2010   |
| 30/6/2000     | 15,000,000           | 1                | 5.27  | 30/6/2000 – 29/6/2010   |
| 8/8/2000      | 52,382,000           | 203              | 5.30  | 8/8/2000 – 7/8/2010   |
| 9/11/2000     | 4,320,000            | 1                | 5.30  | 9/11/2000 – 8/11/2010   |
| 15/11/2000    | 15,000,000           | 1                | 5.30  | 15/11/2000 – 14/11/2010   |
| 7/2/2002      | 64,072,000           | 55               | 3.76  | 7/2/2002 – 6/2/2012**   |

\* 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 (some of which are conditional).

\*\* Upon the acceptance of the options granted on 7 February 2002, all the grantees of the options (who have accepted the options) have agreed not to exercise those options previously granted to them (if any) (but not yet vested as at 7 February 2002) on 23 March 2000 or 26 June 2000 and/or 8 August 2000 (as the case may be).



Pursuant to the ordinary resolution passed at the Extraordinary General Meeting of TOM held on 24 April 2002, options to subscribe for an aggregate of 63,624,000 shares of TOM were cancelled.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2002, the persons or corporations whose interests, being 10% or more of the issued share capital of TOM, as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance or have otherwise notified to TOM were as follows. These interests were in addition to those disclosed above in respect of the Directors:

| <b>Name of shareholders</b>   | <b>No. of shares of TOM held</b>         |
|---|--|
| Li Ka-shing   | 1,429,024,545 ( <i>Notes 1 &amp; 2</i> ) |
| Li Ka-Shing Unity Holdings Limited  | 1,429,024,545 ( <i>Notes 1 &amp; 2</i> ) |
| Li Ka-Shing Unity Trustee Corporation Limited<br>( <i>as trustee of The Li Ka-Shing Unity Discretionary Trust</i> ) | 1,429,024,545 ( <i>Notes 1 &amp; 2</i> ) |
| Li Ka-Shing Unity Trustee Company Limited<br>( <i>as trustee of The Li Ka-Shing Unity Trust</i> )                   | 1,429,024,545 ( <i>Notes 1 &amp; 2</i> ) |
| Cheung Kong (Holdings) Limited  | 1,429,024,545 ( <i>Notes 1 &amp; 2</i> ) |
| Cheung Kong Investment Company Limited  | 476,341,182 ( <i>Note 1</i> )            |
| Cheung Kong Holdings (China) Limited  | 476,341,182 ( <i>Note 1</i> )            |
| Sunnylink Enterprises Limited   | 476,341,182 ( <i>Note 1</i> )            |
| Romefield Limited   | 476,341,182 ( <i>Note 1</i> )            |
| Hutchison Whampoa Limited   | 952,683,363 ( <i>Note 2</i> )            |
| Hutchison International Limited   | 952,683,363 ( <i>Note 2</i> )            |
| Easterhouse Limited   | 952,683,363 ( <i>Note 2</i> )            |
| Chau Hoi Shuen  | 951,742,363 ( <i>Note 3</i> )            |
| Cranwood Company Limited  | 951,742,363 ( <i>Note 3</i> )            |
| Schumann International Limited  | 580,000,000 ( <i>Note 3</i> )            |
| Handel International Limited  | 348,000,000 ( <i>Note 3</i> )            |

*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 SDI Ordinance, 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 of TOM held by Romefield Limited.

Li Ka-Shing Unity Holdings Limited, of which Mr. Li Ka-shing owns 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 which as trustee of The Li Ka-Shing Unity Discretionary Trust, holds a majority of 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 SDI Ordinance, Hutchison Whampoa Limited and Hutchison International Limited are deemed to be interested in the 952,683,363 shares of TOM 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 SDI Ordinance, Mr. Li Ka-shing, Li Ka-Shing Unity Holdings Limited, Li Ka-Shing Unity Trustee Corporation 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 TOM and 952,683,363 shares of TOM 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 SDI Ordinance, Cranwood Company Limited is deemed to be interested in the 580,000,000 shares of TOM and 348,000,000 shares of TOM held by Schumann International Limited and Handel International Limited respectively in addition to 23,742,363 shares of TOM held by itself.

By virtue of the SDI Ordinance, Ms. Chau Hoi Shuen is deemed to be interested in 23,742,363 shares of TOM, 580,000,000 shares of TOM and 348,000,000 shares of TOM held by Cranwood Company Limited, Schumann International Limited and Handel International Limited respectively.

Save as disclosed above, the Directors are not aware of any other person having an interest in shares representing 10% or more of the issued share capital of TOM.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Mr. Frank Sixt and Mrs. Susan Chow, the Chairman and a non-executive Director of TOM respectively, are executive directors of Hutchison Whampoa Limited (“HWL”) and directors of certain of its Associates (collectively referred to as “HWL Group”). Mr. Frank Sixt is also a non-executive director of Cheung Kong (Holdings) Limited (“CKH”) and Mrs. Susan Chow is also an executive director of Hutchison Harbour Ring Limited (“HHR”). Mr. Edmond Ip, a non-executive Director of TOM, is an executive director of CKH and a director of certain of its Associates (collectively referred to as “CKH Group”). Both HWL Group and CKH Group are engaged in e-commerce projects and operate general information portals and HHR is engaged in Internet B2B investment. 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 the Chief Executive Officer of TOM, is a non-executive vice-chairman and shareholder of China Youth Travel Services E-commerce Co. (“CYTS”) whose main business consists of the provision of on-line travel services in Mainland China. The Directors believe that there is a risk that the business of CYTS may compete with those of the Group. However, the Directors are also of the view that the invaluable experience of Mr. Wang in the Internet industry will complement the development of the Group’s business.

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

## **SPONSOR'S INTERESTS**

As updated and notified by TOM's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at 31 March 2002, an Associate and an employee of the Sponsor held 200,000 shares and 10,000 shares of TOM respectively.

Save as disclosed above, neither the Sponsor nor its directors or employees or Associates (as referred to in Note 3 to rule 6.35 of the GEM Listing Rules) had any interests in the securities of TOM, including options or rights to subscribe for such securities as at 31 March 2002.

Pursuant to the agreement dated 17 February 2000 entered into between TOM and the Sponsor, the Sponsor will receive a fee for acting as TOM's retained sponsor for the period from 17 February 2000 to 31 December 2002. In addition, the Sponsor would receive financial advisory and documentation fees for acting as TOM's financial adviser in relation to certain transactions.

## **AUDIT COMMITTEE**

TOM has established an audit committee in January 2000 with written terms of reference based on the guidelines set out in "A Guide for the Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises an executive Director, Mr. Lee Kwok Ming, Don and two independent non-executive Directors, namely Mrs. Angelina Lee and Mr. Henry Cheong. The audit committee has met 9 times since its formation.

## FINANCIAL ASSISTANCE TO JOINTLY CONTROLLED ENTITIES

As at 31 March 2002, the Group provided the following financial assistance to the jointly controlled entities:

| Name of company | Advances<br>HK\$'000     | Corporate guarantee<br>HK\$'000 |
|-----------------|--------------------------|---------------------------------|
| Maya Online     | 11,271 ( <i>Note 1</i> ) | 9,400 ( <i>Note 4</i> )         |
|                 | 18,798 ( <i>Note 2</i> ) | –                               |
|                 | 62,857 ( <i>Note 3</i> ) | –                               |
| Redsail         | 2,106 ( <i>Note 5</i> )  | –                               |
| AA Stocks       | 2,675 ( <i>Note 6</i> )  | –                               |
| ChinaPlus       | 573 ( <i>Note 7</i> )    | –                               |
| Cernet Online   | 182 ( <i>Note 8</i> )    | –                               |

### Notes:

1. This advance to Maya Online made on 16 August 2000 is unsecured, bearing interest at the rate of 6.5% per annum and is repayable on or before 1 August 2010.
2. This advance to Maya Online made on 10 May 2001 is unsecured, bearing interest at the rate of 6% per annum and is repayable on or before 30 April 2011.
3. These advances to Maya Online made between the period from 27 December 2000 to 31 March 2002 are unsecured, interest free and repayable on demand.
4. This represents the corporate guarantee secured by the deposition of a fixed deposit of HK\$9,400,000 for a bank loan of RMB10,000,000 granted to Maya Online on 26 September 2001 for working capital purposes. The aforesaid bank loan has been fully utilized by Maya Online.
5. An advance of HK\$3,760,000 was made to Redsail on 4 June 2001. This is unsecured, bearing interest at the rate of 6% per annum and is repayable on or before 17 April 2004. During the three month period ended 31 March 2002, HK\$1,654,000 was repaid by Redsail.
6. HK\$600,000 advance is made on 25 September 2001 pursuant to a zero coupon convertible bond issued by AA Stocks due on 21 September 2003. The remaining balance of the advances to AA Stocks made between the period from 21 December 2001 to 31 March 2002 are unsecured, interest free and repayable on demand.
7. These advances to ChinaPlus made between the period from 1 January 2002 to 31 March 2002 are unsecured, interest free and repayable on demand.
8. These advances to Cernet Online made between the period from 1 January 2002 to 31 March 2002 are unsecured, interest free and repayable on demand.

The above advances were funded by internal resources of the Group and were made for the purpose of providing working capital for the respective companies.

The proforma combined balance sheet of the jointly controlled entities as at 31 March 2002 is set out as follows:

|                                 | HK\$'000    |
|---------------------------------|-------------|
| Non-current assets              | 71,018      |
| Current assets                  | 105,760     |
| Current liabilities             | (44,489)    |
| Non-current liabilities         | (88,913)    |
|                                 | <hr/>       |
| Net assets                      | 43,376      |
|                                 | <hr/> <hr/> |
| The Group's share of net assets | 15,300      |
|                                 | <hr/> <hr/> |

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the three months ended 31 March 2002, neither TOM nor any of its subsidiaries purchased, sold or redeemed any of TOM's listed shares.