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**Near tripling of EBITDA  
from Q2**

## 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 of the Stock Exchange 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

“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)
“CKH”	means Cheung Kong (Holdings) Limited
“CYTS”	means 中青旅電子商務有限公司 (China Youth Travel Services E-commerce Co.)
“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
“HHR”	means Hutchison Harbour Ring Limited

“HWL”	means Hutchison Whampoa Limited
“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.)
“Popular Computer Group”	means 電腦報社 and 重慶中科普傳媒發展股份有限公司
“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 share option scheme adopted by TOM on 11 February 2000 (as amended)
“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
“TOM Outdoor Media Group”	means TOM Outdoor Media Group 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 third quarter and the nine months ended 30 September 2002.

Against a weak global economic environment which adversely impacted many media companies, TOM delivered strong revenue and EBITDA growth this quarter. Revenue recorded a steady 9% increase and EBITDA grew by 1.7 times. This performance reflects continued disciplined execution of the Group's consolidation and integration strategies. Revenue growth and improved margins drove EBITDA to nearly three times EBITDA recorded for the second quarter, and enabled the Group to achieve a positive EBITDA position overall for the first nine months of 2002.

Key third quarter achievements include:

- 9% growth in total revenue over the previous quarter
- 13% increase in offline revenue
- 8% increase in narrowband online revenue
- 24% growth in gross profit, with gross margin increasing from 39% to 44%
- EBITDA grew by 1.7 times, to nearly three times EBITDA recorded for the second quarter
- Publishing division achieved a breakthrough in Mainland China's publishing market by securing full regulatory approval to establish two Sino-foreign joint ventures with prominent Chinese publishers
- Sports and entertainment division more than doubled its net profit margin to 22% with the successful staging of the Hong Kong ATP tennis open
- Loss attributable to shareholders continued to narrow

## Financial Highlights

	For the three month period ended	
	30 September 2002	30 June 2002
	HK\$'000	HK\$'000
Turnover	451,553	414,697
Cost of sales	251,319	253,671
Gross profit	200,234	161,026
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	33,345	12,489
Depreciation and amortisation	(45,416)	(38,260)
Loss attributable to shareholders	(44,135)	(49,559)

## Financial Performance

The TOM Group's unaudited consolidated revenue for the three months ended 30 September 2002 amounted to HK\$452 million, an increase of 9% over the previous quarter. Offline revenue grew by 13% to HK\$388 million, representing 86% of total revenue in the quarter. While online revenue dipped by 11% to HK\$64 million, gross profit more than compensated with an increase of 8% as a result of growth in higher margin businesses. A steady 8% growth in narrowband revenue to HK\$54 million was offset by a decline in broadband revenue as emphasis was placed on improving the overall margin mix of the Group's online business.

TOM delivered its second consecutive quarter of positive EBITDA of HK\$33 million, 1.7 times ahead of and nearly three times EBITDA recorded for the previous quarter. Overall, positive EBITDA of HK\$11 million has now been achieved for the first nine months of 2002. Net loss narrowed by 11% to HK\$44 million. As the net loss was entirely generated from depreciation and amortisation charges of HK\$45 million, the Group recorded free cash flow after interest and tax for the quarter.

Comparing overall financial performance to the same period last year, revenue for the nine months ended 30 September 2002 amounted to HK\$1.13 billion, a threefold increase from HK\$381 million in the corresponding period in 2001. Operating loss in the nine months to September 2002 was reduced by 56% from HK\$170 million to HK\$75 million year-on-year. Loss attributable to shareholders in the first nine months was HK\$169 million, down HK\$56 million from HK\$225 million for the same period in 2001. Increased depreciation and amortisation charges of HK\$36 million year-on-year offset the reduction in net loss, which would have narrowed by HK\$92 million to HK\$53 million, stripping out depreciation and amortisation.

## **Business Review**

### ***Online***

Increased revenues combined with flat operating expenses enabled TOM's overall narrowband business inclusive of the Hong Kong operations to achieve positive EBITDA this quarter. This result derives principally from TOM's telecom VAS-driven business profile. SMS continued to be the main engine of revenue growth, with average daily volume doubling to 1.2 million messages on an enlarged user base of 4.7 million. Mobile and pay e-mail subscriber uptake recorded sustained double-digit growth to reach 400,000 ahead of target. TOM also benefited from exclusive rights to promote David Copperfield's China tour and the film *Spiderman* online in a combination of multimedia, interactive games and SMS.

With the broadband business, focus was placed on restructuring operations to achieve higher margins. Several contracts have been secured with leading telecom operators, including China Unicom, China Telecom and Guangdong Telecom for the bundling of TOM's multimedia content with their wireless and broadband services.

## ***Outdoor***

While cost synergies among the outdoor subsidiaries are limited given their different geographical locations, TOM has been able to drive meaningful revenue synergies into its outdoor media business through integration of sales operations. The TOM Outdoor Media Group achieved incremental revenue growth by securing HK\$11.5 million worth of sales contracts for media buying across its nationwide network this quarter. This was achieved on a controlled operating infrastructure despite the addition of four new outdoor subsidiaries. The TOM Outdoor Media Group has also aligned its sales strategies and service standards with the support of Group-wide training programmes and implementation of a Group standard outdoor media asset management system. Certain outdoor inventory of the subsidiaries has been centralised with the TOM Outdoor Media Group sales force in order to achieve more efficient deployment of resources. Network-wide sales together with effective sales integration initiatives raised occupancy rates for the Group's outdoor media assets overall by over 3%.

## ***Publishing***

During the quarter, TOM achieved a significant breakthrough in its efforts to expand its Greater China Chinese language publishing business by securing official approval to set up two Sino-foreign joint ventures with prominent Mainland publishers SDX Joint Publishing Company and Popular Computer Group. TOM is the first foreign entity to engage in full-scale publishing operations in Mainland China with full regulatory approval. The joint ventures will engage extensively in magazine circulation and advertising sales; book distribution and export; international copyright trading; book editing and translation; and Internet operations.

The publishing division is on track to consolidate the operations of Sharp Point and Business Weekly onto a common publishing platform which is now fully servicing PC Home and Cité. As part of ongoing integration efforts in this division, TOM is also in the process of aligning its Taiwan business units under a common management platform with centralised treasury, procurement and planning functions.



## ***Sports & Entertainment***

TOM expanded its sporting rights portfolio this quarter by securing marketing rights to women's soccer from the Chinese Football Association. The Company also acquired a leading sports marketing company with perpetual rights to the only ATP tennis tournament in Hong Kong. The tournament was staged in September with over 60 sponsors and 80 tour club members. The solid profit margin of this new business has raised the overall margin of TOM's sports and entertainment division for the quarter.

In parallel, TOM has made further inroads in TV programming. The ATP tournament was syndicated to over 25 TV stations worldwide, including Mainland Chinese stations. TOM also launched its third regular TV programme *Omega Golf Magazine* which is syndicated to 15 TV channels across China with Omega as the title sponsor.

## **Business Outlook**

Overall, TOM's operations are now reaching a critical mass that can sustain solid revenue growth against a well managed and competitive cost base. This is particularly the case for the online, outdoor, and sports and entertainment divisions. Barring unexpected setbacks the Group is well positioned to deliver growth together with improved EBITDA and net profit margins for the remainder of this year and into 2003. Disciplined integration efforts will continue with the objective of achieving industry leading performance benchmarks in each division. The Group has now achieved free cash flow after interest and cash taxes, and is on track to attain profitability after depreciation and amortisation.

With significant positions established in the online, outdoor, publishing and sports marketing sectors, TOM will explore new opportunities to consolidate additional strategic assets in the entertainment media sector. I believe the Group's continued disciplined expansion will further solidify sector leadership, creating additional growth and value to our shareholders.

**Frank Sixt**

*Chairman*

Hong Kong, 6 November 2002

## UNAUDITED CONSOLIDATED RESULTS

For the three months and nine months ended 30 September 2002

	<i>Notes</i>	Three months		Nine months	
		ended 30 September		ended 30 September	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover		<b>451,553</b>	159,329	<b>1,130,771</b>	381,510
Cost of sales		<b>251,319</b>	102,251	<b>660,070</b>	220,760
Interest income		<b>(1,323)</b>	(3,561)	<b>(4,532)</b>	(20,070)
Selling and marketing expenses		<b>43,843</b>	21,268	<b>129,681</b>	66,605
Administrative expenses		<b>64,102</b>	26,540	<b>165,770</b>	95,712
Other operating expenses		<b>50,489</b>	35,203	<b>138,597</b>	107,866
Amortisation and depreciation		<b>45,416</b>	27,934	<b>116,071</b>	80,368
Operating loss		<b>2,293</b>	50,306	<b>74,886</b>	169,731
Finance costs		<b>5,433</b>	–	<b>13,681</b>	–
Restructuring costs		–	8,527	–	8,527
Share of losses of jointly controlled entities		<b>8,645</b>	8,807	<b>25,806</b>	26,775
Share of profits less losses of associated companies		<b>(190)</b>	557	<b>122</b>	2,135
Loss before taxation		<b>16,181</b>	68,197	<b>114,495</b>	207,168
Taxation	2	<b>15,855</b>	6,609	<b>39,818</b>	13,106
Loss after taxation		<b>32,036</b>	74,806	<b>154,313</b>	220,274
Minority interests		<b>12,099</b>	1,970	<b>14,329</b>	4,789
Loss attributable to shareholders		<b>44,135</b>	76,776	<b>168,642</b>	225,063
Loss per share	3	<b>HK1.34 cents</b>	HK2.39 cents	<b>HK5.12 cents</b>	HK7.03 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:

	<b>Three months</b>		<b>Nine months</b>	
	<b>ended 30 September</b>		<b>ended 30 September</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax ( <i>Note a</i> )	<b>4,264</b>	1,328	<b>5,057</b>	2,239
Mainland China and Taiwan taxation ( <i>Note b</i> )	<b>10,090</b>	5,281	<b>28,556</b>	10,867
Deferred taxation ( <i>Note c</i> )	<b>1,501</b>	—	<b>6,205</b>	—
	<b>15,855</b>	6,609	<b>39,818</b>	13,106

Notes:

- (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 Mainland China and Taiwan has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in Mainland China and Taiwan.
- (c) Deferred taxation has been provided at the rate of 20% (2001: N/A) 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 tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred tax assets is uncertain.

### 3. Loss per share

The calculation of the basic loss per share for the three months and nine months ended 30 September 2002 is based on the respective unaudited consolidated loss attributable to shareholders of HK\$44,135,000 and HK\$168,642,000 (2001: HK\$76,776,000 and HK\$225,063,000) and the weighted averaged number of 3,303,021,737 and 3,294,768,001 (2001: 3,218,949,675 and 3,204,276,941) ordinary shares outstanding during the periods.

The exercise of the share options granted by the Company would have an anti-dilutive effect on the loss per share for the three months and nine months ended 30 September 2002 and 30 September 2001.

### 4. Dividends

No dividend had been paid or declared by the Company during the period (2001: HK\$Nil).

### 5. Movement of reserves

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption 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	289,460	-	-	-	-	289,460
Exercise of share options	10,171	-	-	-	-	10,171
Disposal of a subsidiary	150	-	-	-	-	150
Loss for the period	-	-	-	-	(225,063)	(225,063)
Exchange difference	-	-	-	(67)	-	(67)
At 30 September 2001	<u>2,113,263</u>	<u>(377)</u>	<u>776</u>	<u>(95)</u>	<u>(1,567,798)</u>	<u>545,769</u>

## 5. Movement of reserves (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 2002	2,231,099	(377)	776	139	-	(547)	(1,978,761)	252,329
Issuance of shares for acquisition of subsidiaries	70,733	-	-	-	-	-	-	70,733
Exercise of share options	18,571	-	-	-	-	-	-	18,571
Share issuing expenses	(376)	-	-	-	-	-	-	(376)
Investment revaluation deficits	-	-	-	-	(1,741)	-	-	(1,741)
Loss for the period	-	-	-	-	-	-	(168,642)	(168,642)
Exchange difference	-	-	-	-	-	40	-	40
At 30 September 2002	<u>2,320,027</u>	<u>(377)</u>	<u>776</u>	<u>139</u>	<u>(1,741)</u>	<u>(507)</u>	<u>(2,147,403)</u>	<u>170,914</u>

## 6. Contingent Liabilities

At 30 September 2002, the Group had contingent liabilities amounting to approximately HK\$34,750,000 comprised of:

- (a) the contingent liabilities amounting to approximately HK\$25,350,000 in respect of a litigation proceeding with International Merchandising Corporation on dispute over termination of a sponsorship contract. The arbitration hearing took place in February 2002 and a partial award on liability was made by the tribunal on 7 May 2002. Since the issuance of the partial award, both parties have made submissions to the Arbitrator seeking amendments to the partial award. Based on the partial award on liability and the latest developments in the arbitration, the potential liabilities of a subsidiary of the Group is up to US\$3,250,000 (approximately HK\$25,350,000), subject to the counterparty's proof of actual loss. The arbitration continues to determine the quantum of damages and the submissions made by both sides. Taking into account of the legal advice sought and in view of the difficulty of determining reliably the liability in connection with the dispute, a provision for potential liabilities cannot be made at this stage.
- (b) the provision of fixed deposits amounting to approximately HK\$9,400,000 as securities for bank loans granted to a jointly controlled entity in which the Group has a 50% equity interest.

## DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 September 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 or which are required, pursuant to rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to TOM and the Stock Exchange were as follows:

### (a) 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.

### (b) Directors' rights 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 30 September 2002 were as follows:

Name of Directors	Date of grant	Number of share options outstanding as at 30 September 2002	Option period	Subscription price per share of TOM HK\$
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

**DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES**  
(continued)

**(b) Directors' rights to acquire shares (continued)**

<b>Name of Directors</b>	<b>Date of grant</b>	<b>Number of share options outstanding as at 30 September 2002</b>	<b>Option period</b>	<b>Subscription price per share of TOM HK\$</b>
Lee Kwok Ming, Don	7/2/2002	10,000,000	7/2/2002- 6/2/2012	3.76
Michelle Leung	31/5/2000	2,332,000	31/5/2000- 30/5/2010	4.685
	8/8/2000	700,000	8/8/2000- 7/8/2010	5.30
	7/2/2002	10,000,000	7/2/2002- 6/2/2012	3.76
James Sha	15/11/2000	15,000,000	15/11/2000- 14/11/2010	5.30

Save as disclosed above, during the nine months ended 30 September 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 30 September 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 30 September 2002, options to subscribe for an aggregate of 126,192,000 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:

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

As at 30 September 2002, options to subscribe for an aggregate of 16,196,000 shares of TOM at a subscription price of HK\$1.78 per share were outstanding. The options were granted to 3 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 HWL group of companies.

### **(b) Share Option Scheme**

Options to subscribe for an aggregate of 109,996,000 shares of TOM (which includes 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 30 September 2002, breakdown of which are set out below:

## OUTSTANDING SHARE OPTIONS (continued)

### (b) Share Option Scheme (continued)

Date of grant	No. of share options	No. of employees	Subscription price per share of TOM HK\$	Option period* (commencing from date of grant and terminating ten years thereafter)
23/3/2000	3,426,000	78	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	1,728,000	48	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	20,058,000	173	5.30	8/8/2000-7/8/2010
9/11/2000	1,120,000	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	63,332,000	50	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).

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 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 are in addition to those disclosed above in respect of the Directors:

## SUBSTANTIAL SHAREHOLDERS (continued)

Name of shareholders	No. of shares of TOM held
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 ( <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 ( <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	952,683,363 ( <i>Note 3</i> )
Cranwood Company Limited	952,683,363 ( <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.

## SUBSTANTIAL SHAREHOLDERS (continued)

Notes: (continued)

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 24,683,363 shares of TOM held by itself.

By virtue of the SDI Ordinance, Ms. Chau Hoi Shuen is deemed to be interested in 24,683,363 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 HWL and directors of certain of its Associates (collectively referred to as "HWL Group"). Mr. Frank Sixt is also a non-executive director of CKH and Mrs. Susan Chow is also an executive director of 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 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.

## FINANCIAL ASSISTANCE TO JOINTLY CONTROLLED ENTITIES

As at 30 September 2002, the Group provided the following financial assistance to the jointly controlled entities:

Name of company	Advances	Corporate guarantee
	HK\$'000	HK\$'000
Maya Online	11,271 ( <i>Note 1</i> )	9,400 ( <i>Note 4</i> )
	18,798 ( <i>Note 2</i> )	–
	66,983 ( <i>Note 3</i> )	–
Redsail	– ( <i>Note 5</i> )	–
ChinaPlus	422 ( <i>Note 6</i> )	–
Cernet Online	360 ( <i>Note 7</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 30 September 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. As at 30 September 2002, the amount was fully repaid.
6. These advances to ChinaPlus made between the period from 1 January 2002 to 30 September 2002 are unsecured, interest free and repayable on demand.
7. These advances to Cernet Online made between the period from 1 January 2002 to 30 September 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.

## FINANCIAL ASSISTANCE TO JOINTLY CONTROLLED ENTITIES (continued)

The proforma combined balance sheet of the jointly controlled entities as at 30 September 2002 is set out as follows:

	HK\$'000
Non-current assets	68,597
Current assets	72,257
Current liabilities	(47,940)
Non-current liabilities	(82,145)
	<hr/>
Net assets	10,769
	<hr/> <hr/>
The Group's share of net liabilities	(537)
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## SPONSOR'S INTERESTS

As updated and notified by TOM's sponsor, BNP Paribas Peregrine Capital Limited (the "Sponsor"), as at 30 September 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 30 September 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 11 times since its formation.

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

During the nine months ended 30 September 2002, neither TOM nor any of its subsidiaries purchased, sold or redeemed any of TOM’s listed shares.