



TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

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This announcement, 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 announcement 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 announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



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HALF-YEAR RESULTS FOR 2003

HIGHLIGHTS

Key second quarter achievements include:

- The TOM Group achieved profit attributable to shareholders for the quarter
- Positive EBITDA increased by over 5 times
- Internet Group, Outdoor Media Group and Publishing Division all registered net profitability – the Sports & Entertainment Division registered a modest loss
- Group revenues increased by 10% over the previous quarter
- Quarter-on-quarter, Internet Group revenue grew by 31%, Outdoor Media Group by 10%, Publishing by 5% while Sports & Entertainment was down by 1%. In aggregate, Offline revenue grew by 5%

The unaudited consolidated results for the three months and six months ended 30 June 2003 and the comparisons with last year are set out in the accompanying table.

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 second quarter and the six months ended 30 June 2003.

The outbreak of SARS in the first half of 2003 created a difficult operating environment for most Hong Kong and Mainland China businesses, including many of the Group's businesses. However, in spite of these challenges, TOM has achieved profit attributable to shareholders for the first time this quarter. This is a significant milestone for the Group, and highlights the resilience of our diversified portfolio of media businesses.

Key second quarter achievements include:

- The TOM Group achieved profit attributable to shareholders for the quarter
- Positive EBITDA increased by over 5 times

- Internet Group, Outdoor Media Group and Publishing Division all registered net profitability – the Sports & Entertainment Division registered a modest loss
- Group revenues increased by 10% over the previous quarter
- Quarter-on-quarter, Internet Group revenue grew by 31%, Outdoor Media Group by 10%, Publishing by 5% while Sports & Entertainment was down by 1%. In aggregate, Offline revenue grew by 5%

Financial Highlights

	For the three month period ended		
	30 June 2003	31 March 2003	30 June 2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	455,538	411,404	414,697
Gross profit	204,687	152,219	148,102
Earnings before interest, taxation, depreciation and amortization	65,449	10,371	12,489
Profit/(loss) attributable to shareholders	10,183	(42,857)	(49,559)

Financial Performance

The TOM Group's unaudited consolidated revenue for the three months ended 30 June 2003 was HK\$456 million, an increase of 10% over the previous quarter. Internet Group revenue increased by 31% quarter-on-quarter. Despite the adverse impact of SARS on sales for the first part of the quarter, Outdoor Media Group and Publishing revenues grew by 10% and 5% respectively – offsetting a 1% decrease in Sports and Entertainment revenues resulting in an overall blended growth in Offline revenues of 5%.

In this quarter, TOM is reporting profit attributable to shareholders for the first time, amounting to HK\$10 million – a HK\$53 million positive variance to the first quarter's attributable loss of HK\$43 million. EBITDA continues to grow, with over 5 times increase to HK\$65 million.

Comparing overall financial performance to the same period last year, revenue for the six months ended 30 June 2003 amounted to HK\$867 million, a 28% increase from HK\$679 million in the corresponding period in 2002. Loss attributable to shareholders in the first half of 2003 was HK\$33 million, 74% lower than the Group's attributable loss of HK\$125 million for the same period in 2002 – representing an improvement of HK\$92 million. The Group's improved financial performance reflects continued healthy growth in our overall revenue base as well as the continuing focus on margin improvement and costs in all our businesses.

Comparing segment financial performance to the same period last year, Internet Group revenue for the first half of 2003 doubled to HK\$219 million with a segment profit of HK\$44 million, a positive variance of HK\$106 million from the segment loss from the first half of 2002, primarily driven by continued growth in wireless data revenues. Outdoor Media Group revenue grew 86% to HK\$141 million with segment profit increasing 2.3 times to HK\$16 million – part of the growth was the result of the full consolidation of new acquisitions in the current period contributing 61% of the revenue growth, with year-on-year organic growth making up the remaining 25%. Publishing revenue registered a slight decrease of 2% to HK\$360 million

with segment profit also reported down HK\$22 million to HK\$6 million, reflecting the adverse impact of SARS on advertising and circulation. Sports and Entertainment increased revenues by 16% to HK\$147 million but reported a segment loss of HK\$4 million, primarily as a result of the cancellation of many sporting events in the first half of the year and additional depreciation and amortization charges this year.

Business Review

Internet Group

The Internet Group recorded another strong performance with wireless data services continuing as the key profitability and growth driver. Revenue increased by 31% over the last quarter and almost doubled over the same period last year. Of the Internet Group total revenue of HK\$124 million this quarter, HK\$88 million was attributable to wireless, representing an 87% growth in wireless data revenues over the previous quarter. EBITDA and after tax profit margins for the whole division have now reached 45% and 34% respectively.

During the first six months, SMS subscribers grew from 10 million to 17 million sending an average volume of 7 million messages a day. A paid MMS service was started in April, and initial response is encouraging. There was a 65% uptake of the paid service from the initial trial users resulting in a total of over 200,000 customers registering for paid services. Initial estimates indicate this may be as high as 50% of the entire current China Mobile MMS customer base. Actual paid daily traffic volume surpassed 20,000 messages, or approximately 10% of utilization during the original free trial period.

TOM is now one of Beijing's leading ISP providers with over 280,000 internet access users on our CERNET service package. Our free-email service was re-launched in mid-April and was met with impressive demand – as at 30 June 2003, over 10 million users have registered. This has significantly enhanced portal traffic with average daily pageviews now surpassing 130 million. Our efforts over the past year to reposition the Internet Group as an integrated telecom value-added services provider, together with the continued roll-out of new services has resulted in an overall increase in popularity and awareness of the Portal.

Outdoor Media Group

The Outdoor Media Group reported healthy growth over the previous quarter, despite a slowing down of sales activities during the SARS outbreak in the Mainland China. Revenue increased 10% over the previous quarter to HK\$74 million, with EBITDA margin reaching 27% and profit margin after tax, before amortization charges from acquisition goodwill, attaining 18%.

The Group's media service centers in Beijing and Shanghai continue to deliver favorable results. A total of thirty-two major account clients have now been secured through these centers, providing nationwide campaigns and total outdoor media solutions. New agency contracts include an exclusive sales agreement is in place to represent advertising on rolling lightboxes in 45 airports throughout China. In addition, a master agreement has been signed with MediaCom and other discussions are underway with other 4A agencies.

New concessions obtained in the quarter included 128 new advertising units in 8 locations, an addition of over 8,000 square meters of outdoor asset space, with over 80% of the new asset space in the billboard and unipole category. These included key city center locations in Xiamen, Fuzhou, Dalian, Qingdao, Shenyang, Zhengzhou and major highways in and around

Sichuan and Yunnan Provinces. Average occupancy remained steady at 77% for the quarter despite the negative impact from SARS.

Publishing

Publishing reported revenue of HK\$185 million, a 5% quarter-on-quarter growth despite soft market conditions and the adverse impact of SARS on advertising and circulation. Overall, advertising was adversely affected and a weak retail environment has also led to an increase in our publications' sales returns. Under tight management control, EBITDA margin nevertheless grew to 11% and after tax profit margin, before amortization charges from acquisition goodwill was 10%.

The reorganization of the Publishing Division's 5 individual business units has been completed and they are now consolidated under one holding platform, known as Cité Publishing Holding. The restructuring into a single holding company has resulted in an attributable 83% shareholding to TOM. Aside from rationalizing the minority shareholding structure, the new structure will facilitate further integration of the original Home Media Group publishing platform to include Sharp Point, Business Weekly and Nong Nong, with a view to centralizing back office support, paper procurement, printing and distribution channel management to create additional cost synergies.

During the quarter, two new magazines titles were launched in Taiwan and a total of 394 new book titles were published. An additional 16 book titles were produced as licensed publications in China. Business Weekly's customer base on the Mainland China experienced good growth to approximately 1,200 subscribers. Business Weekly remains resilient through tough market conditions, clearly demonstrating its solid position as a market leader. During the quarter, a period heavily impacted by SARS, most advertising customers concentrated their advertising efforts on leading publications only. As result, advertising revenue of Business Weekly registered an increase of 20% over the previous quarter.

Sports & Entertainment

Total revenue of HK\$73 million for the Sports & Entertainment Division was slightly down by approximately 1% over the previous quarter, although EBITDA margin improved significantly to reach 9% for the period, with bottom-line earnings after tax, before goodwill amortization, at breakeven level.

Sports marketing made good progress this quarter, despite having many sporting events cancelled due to SARS. During the period, additional marketing efforts were focused outside of China – specifically on Thailand, where we were able to secure rights to stage a number of tennis events. The first ever Thai ATP event, the “Thailand Open,” will be held in Bangkok this coming September. In addition to the tournament, we will be staging the “Paradorn Super Tour”, featuring the top-ranked tennis professional in Asia and recent Wimbledon qualifier, Thailand's own Paradorn Srichaphan. Several exhibition matches are planned for the latter part of the year. Additional activity included the renewal of the title sponsorship with Omega for the Golf Magazine television programme. Key events impacted by SARS included the Women's World Cup, with FIFA deciding to host the event away from China, and also the postponement of the Philips Inter-University Football League until the last quarter of this year.

For Entertainment, best selling titles included the period drama television series “Yao Long Men/躍龍門”, which sold over 8 million units in the quarter, action movie “Color Of The Truth/黑白森林” selling over 7 million copies and also the Chinese Classic, “Heavenly Sword & Dragon Saber/倚天屠龍記”, selling over 5 million units.

Business Outlook

The Group has achieved a significant milestone in attaining profit attributable to shareholders for the first time in this quarter, despite challenging market conditions. Revenue has continued to grow, though not at the expense of profitability and there has been a firm and continued emphasis on cost structure improvement and margin expansion. For the remainder of the year, disciplined integration and rationalization efforts will continue across all business divisions and at our corporate head office, while at the same time additional initiatives will be undertaken to drive further organic growth.

Leading positions in our key sectors are now well established. The recent announcement of the acquisition of China Entertainment Television Broadcast Limited on 2 July marks our Group’s entry into the China broadcasting sector. The Group now has a diversified and yet balanced portfolio of businesses – combining the high-growth of the Internet Group business with more mature operations such as Outdoor Media Group and Publishing, and the Sports & Entertainment sector, as an additional potential future growth driver. We will continue to work hard to ensure that TOM remains well positioned to benefit from the continued rapid development of technology, communications and media in the Greater China region.

I am proud to say that the Group has delivered on their promise to attain after tax profitability. This objective was set exactly one year ago, when we had just turned positive EBITDA. I would like to take this opportunity to thank the management and staff in making this a very successful quarter through their hard work, creativity and continuing dedication.

Frank Sixt
Chairman

Hong Kong, 12 August, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

The TOM Group financed its operations and investing activities with internally generated cash flow, balance of proceeds from the Company's IPO, share placement in 2000, bank loans and loans from substantial shareholders of the Company.

As at 30 June 2003, the TOM Group's bank and cash balance was at HK\$342 million. During the first six months of the year, the TOM Group utilized HK\$22 million to finance its operations and acquisitions. Subsequent to the successful share placement (see below) on 8 July 2003, the Group's bank and cash balances rose to approximately HK\$1.3 billion.

The TOM Group had bank and other borrowings (inclusive of long-term and short-term and other borrowings, exclusive of the Shareholders Loans of HK\$850 million) totaling HK\$85 million. The TOM Group's cash-to-borrowing ratio was 37% as at 30 June 2003. Subsequent to the share placement (see below) the Group's cash-to-borrowing ratio rose to 143%.

On 10 July 2003, TOM Group entered into a NT\$1.875 billion (HK\$426 million) syndicated revolving credit and term loan agreement with five financial institutions. The loan agreement represents the Group's first long term bank financing which will contribute to the Group's overall funding requirements and financial strength.

Capital Structure

During the first six months of the year, the Company issued 24,170,686 new shares of par value of HK\$0.1 each, and allotted at prices ranging between HK\$3.05 and HK\$4.039 per share, which are 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 in the Stock Exchange at the date of acquisition, where applicable, as part of the consideration payable for acquisitions of subsidiaries.

On 3 July 2003, the TOM Group entered into the placing and subscription agreements for placing and allotment of 450,000,000 shares of the Company for net proceeds of approximately HK\$995 million. The completion of placing and subscription took place on 7 July 2003 and 8 July 2003 respectively. Subsequent to the share issuance, the Group's total shareholders' funds increased from HK\$272 million to approximately HK\$1.3 billion.

Charges on Group Assets

Certain Group assets are pledged to banks and financial institutions as security for general banking facilities granted to the TOM Group. As at 30 June 2003, the pledged assets of the TOM Group included bank deposits, cash and fixed assets of HK\$75 million.

Foreign Exchange Exposure

It is the TOM Group's policy for each operating entity to borrow in local currencies, where necessary, in order to minimize currency risk.

Contingent Liabilities

Contingent liabilities amounted to approximately HK\$9 million as at 30 June 2003.

Employee Information

As at 30 June 2003, the TOM Group had 2,616 full-time employees. During the first six months of the year, employee costs, excluding Director's emoluments, totaled HK\$189 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2002.

UNAUDITED CONSOLIDATED RESULTS

For the three months and six months ended 30 June 2003

	Note	Three months ended 30 June		Six months ended 30 June	
		2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Turnover		455,538	414,697	866,942	679,218
Cost of sales		(250,851)	(266,595)	(510,036)	(436,878)
Interest income		588	1,557	1,214	3,209
Selling and marketing expenses		(43,708)	(46,013)	(87,983)	(85,838)
Administrative expenses		(55,336)	(54,601)	(102,735)	(101,668)
Other operating expenses		(86,972)	(66,874)	(179,822)	(130,636)
Operating profit/(loss)		19,259	(17,829)	(12,420)	(72,593)
Finance costs		(4,631)	(4,714)	(9,611)	(8,248)
Share of losses of jointly controlled entities		(2,400)	(6,392)	(4,998)	(17,161)
Share of profits less losses of associated companies		424	7	732	(312)
Profit/(loss) before taxation		12,652	(28,928)	(26,297)	(98,314)
Taxation	3	2,072	(15,767)	(1,854)	(23,963)
Profit/(loss) after taxation		14,724	(44,695)	(28,151)	(122,277)
Minority interests		(4,541)	(4,864)	(4,523)	(2,230)
Profit/(loss) attributable to shareholders		10,183	(49,559)	(32,674)	(124,507)
Earnings/(loss) per share	4				
Basic		HK0.30 cents	HK(1.50) cents	HK(0.98) cents	HK(3.78) cents
Diluted		HK0.30 cents	N/A	N/A	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. The Group has adopted the new and revised Hong Kong Statements of Standard Accounting Practice (“SSAPs”) which became effective on 1 January 2003. The adoption of these new and revised SSAPs has no material effect on the Group’s results.

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

2. SEGMENT REPORTING

An analysis of the Group’s turnover and results for the period by business segments is as follows:

	Six months ended 30 June 2003				Group HK\$’000
	Internet Group HK\$’000	Outdoor Media Group HK\$’000	Publishing Division HK\$’000	Sports & Entertainment Division HK\$’000	
Turnover	<u>218,518</u>	<u>141,455</u>	<u>360,237</u>	<u>146,732</u>	<u>866,942</u>
Segment profit before amortisation and depreciation	74,324	36,855	25,533	9,178	145,890
Amortisation and depreciation	<u>(29,885)</u>	<u>(21,206)</u>	<u>(19,599)</u>	<u>(12,742)</u>	<u>(83,432)</u>
Segment profit/(loss)	<u>44,439</u>	<u>15,649</u>	<u>5,934</u>	<u>(3,564)</u>	62,458
Unallocated costs					<u>(74,878)</u>
Operating loss					(12,420)
Finance costs					(9,611)
Share of losses of jointly controlled entities	(4,998)	-	-	-	(4,998)
Share of profits less losses of associated companies	(69)	-	801	-	<u>732</u>
Loss before taxation					(26,297)
Taxation					<u>(1,854)</u>
Loss after taxation					(28,151)
Minority interests					<u>(4,523)</u>
Loss attributable to shareholders					<u>(32,674)</u>

	Six months ended 30 June 2002				Group HK\$'000
	Internet Group HK\$'000	Outdoor Media Group HK\$'000	Publishing Division HK\$'000	Sports & Entertainment Division HK\$'000	
Turnover	<u>109,565</u>	<u>76,115</u>	<u>366,609</u>	<u>126,929</u>	<u>679,218</u>
Segment profit/(loss) before amortisation and depreciation	(28,994)	18,580	47,455	12,594	49,635
Amortisation and depreciation	<u>(32,262)</u>	<u>(11,789)</u>	<u>(19,673)</u>	<u>(223)</u>	<u>(63,947)</u>
Segment profit/(loss)	<u>(61,256)</u>	<u>6,791</u>	<u>27,782</u>	<u>12,371</u>	(14,312)
Unallocated costs					<u>(58,281)</u>
Operating loss					(72,593)
Finance costs					(8,248)
Share of losses of jointly controlled entities	(17,161)	–	–	–	(17,161)
Share of profits less losses of associated companies	(1,010)	–	698	–	<u>(312)</u>
Loss before taxation					(98,314)
Taxation					<u>(23,963)</u>
Loss after taxation					(122,277)
Minority interests					<u>(2,230)</u>
Loss attributable to shareholders					<u>(124,507)</u>

There are no significant sales or other transactions between the business segments.

An analysis of the Group's turnover and segment results for the period by geographical segments is as follows:

	Turnover		Segment profit/(loss)	
	Six months ended 30 June 2003 HK\$'000	2002 HK\$'000	Six months ended 30 June 2003 HK\$'000	2002 HK\$'000
Hong Kong	37,346	37,581	(19,338)	(15,675)
Mainland China	494,481	298,559	125,003	9,780
Taiwan	335,115	343,078	40,225	55,530
	<u>866,942</u>	<u>679,218</u>	<u>145,890</u>	49,635
Amortisation and depreciation			(83,432)	(63,947)
Unallocated costs			(74,878)	(58,281)
Operating loss			<u>(12,420)</u>	<u>(72,593)</u>

There are no significant sales between the geographical segments.

3. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries which the Group operates.

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

	Three months ended 30 June		Six months ended 30 June	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong profits tax	–	(725)	–	(793)
Overseas taxation	(8,765)	(12,494)	(11,680)	(18,466)
Over-provision in prior years	1,637	–	1,637	–
Deferred taxation	9,200	(2,548)	8,189	(4,704)
	<u>2,072</u>	<u>(15,767)</u>	<u>(1,854)</u>	<u>(23,963)</u>

4. EARNINGS/(LOSS) PER SHARE

(a) Basic

The calculation of the basic earnings/(loss) per share for the three months and six months ended 30 June 2003 is based on the respective unaudited consolidated profit attributable to shareholders of HK\$10,183,000 and unaudited consolidated loss attributable to shareholders of HK\$32,674,000 (2002: unaudited consolidated loss attributable to shareholders of HK\$49,559,000 and HK\$124,507,000) and the weighted average number of 3,339,621,837 and 3,335,208,470 (2002: 3,295,905,205 and 3,290,572,731) ordinary shares outstanding during the periods.

(b) Diluted

The calculation of the diluted earnings per share for the three months ended 30 June 2003 is based on the unaudited consolidated profit attributable to shareholders of HK\$10,183,000 and the weighted average number of 3,401,368,137 ordinary shares, after adjusting for the effects of all dilutive potential shares 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 months ended 30 June 2002 and six months ended 30 June 2003 and 30 June 2002.

5. DIVIDENDS

No dividend had been paid or declared by the Company during the period. (2002: HK\$Nil).

6. MOVEMENT OF RESERVES

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserves 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, net of issuing expenses	29,853	–	–	–	–	–	–	29,853
Exercise of share options, net of issuing expenses	18,537	–	–	–	–	–	–	18,537
Investment revaluation deficits	–	–	–	–	(1,796)	–	–	(1,796)
Loss for the period	–	–	–	–	–	–	(124,507)	(124,507)
Exchange difference	–	–	–	–	–	5,491	–	5,491
At 30 June 2002	<u>2,279,489</u>	<u>(377)</u>	<u>776</u>	<u>139</u>	<u>(1,796)</u>	<u>4,944</u>	<u>(2,103,268)</u>	<u>179,907</u>
	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserves 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	90,570	–	–	–	–	–	–	90,570
Loss for the period	–	–	–	–	–	–	(32,674)	(32,674)
Transfer to general reserves	–	–	–	15,285	–	–	(15,285)	–
Exchange difference	–	–	–	–	–	683	–	683
At 30 June 2003	<u>2,424,486</u>	<u>(377)</u>	<u>776</u>	<u>15,628</u>	<u>–</u>	<u>(119)</u>	<u>(2,436,503)</u>	<u>3,891</u>

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. 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. The Directors believe that there is a risk that such businesses may compete with those of the Group.

Mr. Wang Lei Lei, a non-executive director of TOM, is a director and a shareholder of Lei Ting Wu Ji whose main business consists of the provision of wireless data services. Mr. Wang Lei Lei is also a director and a shareholder of COA whose main business consists of the provision of WAP technical programming and application services. Mr. Wang Lei Lei has granted options to Devine Gem Management Limited (beneficially owned by Ms. Chau Hoi Shuen), under which, Devine Gem Management Limited is entitled at any time to acquire all of Mr. Wang Lei Lei's equity/shareholding interests in Lei Ting Wu Ji and COA. The Directors believe that there is a risk that such businesses may compete with those of the Group. However, the Directors are also of the view that the invaluable experience of Mr. Wang Lei Lei 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 (as defined under the GEM Listing Rules) or their respective Associates Group have any interests in a business which competes or may compete with the business of the Group.

BOARD PRACTICES AND PROCEDURES

During the six months ended 30 June 2003, TOM has complied with Board Practices and Procedures as set out in rules 5.28 to 5.39 of the GEM Listing Rules, except that the non-executive Directors are not appointed for specific terms and are subject to re-election at the annual general meeting of TOM in accordance with the provisions of TOM's Articles of Association.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2003, neither TOM nor any of its subsidiaries purchased, sold or redeemed any of TOM's listed shares.

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.)
“China” or “Mainland China”	means The People's Republic of China, excluding Hong Kong, Macau and Taiwan
“CKH”	means Cheung Kong (Holdings) Limited
“COA”	means Communication Over The Air Inc.
“Cité Publishing Holding”	means Cité Publishing Holding 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
“Home Media Group”	means Home Media Group Limited
“HWL”	means Hutchison Whampoa Limited
“IPO”	means Initial Public Offering
“Lei Ting Wu Ji”	means 北京雷霆無極網絡科技有限責任公司 (Beijing Lei Ting Wu Ji Network Technology Limited)
“Nong Nong”	means 農農雜誌社股份有限公司 (Nong Nong Magazine Co., Ltd.)
“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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of TOM at www.tomgroup.com.