



TOM.COM LIMITED

Incorporated in the Cayman Islands with limited liability



Profitability Ahead of Target

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

“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
“Cité Publishing Holding”	means	Cité Publishing Holding Limited
“CKH”	means	Cheung Kong (Holdings) Limited
“COA”	means	Communication Over The Air Inc.
“Director(s)”	means	the director(s) of TOM
“Fench Consultancy”	means	昆明風馳企業管理顧問諮詢有限公司 (Kunming Fench Enterprise Management Consultancy Co. Ltd.)
“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 Wan Jun”	means	北京雷霆萬鈞網絡科技有限責任公司 (Beijing Lei Ting Wan Jun Network Technology Limited)
“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)
“Maya Cultural”	means	上海美亞文化傳播有限公司 (Shanghai Maya Cultural Transmission Company Limited)
“Maya Online”	means	上海美亞在線寬頻網絡有限公司 (Shanghai Maya Online Broadband Network Company Limited)

“Nong Nong”	means	儂儂雜誌社股份有限公司 (Nong Nong Magazine Co., Ltd.)
“Pre-IPO Share Option Plan”	means	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)
“SFO”	means	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“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
“深圳新飛網”	means	深圳市新飛網信息技術有限公司
“新飛訊能廣告”	means	深圳市新飛訊能廣告有限公司
“唐碼國際廣告”	means	北京唐碼國際廣告有限公司 (formerly 北京綠精靈廣告有限公司)
“新易網通”	means	深圳市新易網通網絡信息技術有限公司

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
	HK\$'000	HK\$'000	HK\$'000
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 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 PROFIT AND LOSS ACCOUNT

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2003

	<i>Note</i>	Three months ended 30 June		Six months ended 30 June	
		2003	2002	2003	2002
		HK\$'000	HK\$'000	HK\$'000	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	5				
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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2003

		Unaudited 30 June 2003 HK\$'000	Audited 31 December 2002 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Fixed assets	6	251,845	250,868
Other non-current assets	7	98,100	98,781
Goodwill	8	983,566	953,899
Interests in jointly controlled entities		16,407	35,510
Interests in associated companies		3,472	4,601
Investment securities		127,302	126,406
		<u>1,480,692</u>	<u>1,470,065</u>
Current assets			
Inventories		98,647	108,260
Trade and other receivables	9	756,692	645,145
Bank balances and cash		341,862	329,893
		<u>1,197,201</u>	<u>1,083,298</u>
Current liabilities			
Consideration payables – current		520,061	431,478
Trade and other payables	10	633,426	598,038
Taxation payable		53,817	68,417
Long-term bank loans – current		605	561
Short-term loans		82,279	14,338
		<u>1,290,188</u>	<u>1,112,832</u>
Net current liabilities		<u>92,987</u>	<u>29,534</u>
Total assets less current liabilities		<u>1,387,705</u>	<u>1,440,531</u>
Non-current liabilities			
Consideration payables – non-current		11,560	130,670
Other long-term liabilities	11	870,783	874,659
Deferred tax liabilities		12,338	9,147
		<u>894,681</u>	<u>1,014,476</u>
Minority interests		<u>160,614</u>	<u>153,784</u>
Net assets		<u>332,410</u>	<u>272,271</u>
CAPITAL AND RESERVES			
Share capital	12	334,604	332,187
Reserves	14	3,891	(54,688)
Own shares held	15	(6,085)	(5,228)
Shareholders' funds		<u>332,410</u>	<u>272,271</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2003

	Unaudited	
	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
At beginning of the period	<u>272,271</u>	<u>579,003</u>
Investment revaluation deficits	-	(1,796)
Exchange difference	<u>683</u>	<u>5,491</u>
Net gains and losses not recognised in the profit and loss account	<u>683</u>	<u>3,695</u>
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	92,987	31,067
Exercise of share options, net of issuing expenses	-	19,642
Loss for the period	(32,674)	(124,507)
Own shares held	<u>(857)</u>	<u>(4,137)</u>
At end of the period	<u><u>332,410</u></u>	<u><u>504,763</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2003

	Unaudited	
	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Net cash used in operating activities	(19,629)	(188,503)
Net cash used in investing activities	(32,567)	(315,175)
Net cash from financing activities	64,165	528,565
Increase in bank balances and cash	11,969	24,887
Bank balances and cash at 1 January	329,893	233,885
Bank balances and cash at 30 June	341,862	258,772

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim accounts (“interim accounts”) are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 2.125 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants, and Chapter 18 of the Listing Rules of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The interim accounts should be read in conjunction with the 2002 annual accounts.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2002, except that the Group has adopted the new and revised 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 information

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

	Six months ended 30 June 2003				
	Internet Group HK\$'000	Outdoor Media Group HK\$'000	Publishing Division HK\$'000	Sports & Entertainment Division HK\$'000	Group 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					<u>(12,420)</u>
Finance costs					<u>(9,611)</u>
Share of losses of jointly controlled entities	<u>(4,998)</u>	-	-	-	<u>(4,998)</u>
Share of profits less losses of associated companies	<u>(69)</u>	-	801	-	<u>732</u>
Loss before taxation					<u>(26,297)</u>
Taxation					<u>(1,854)</u>
Loss after taxation					<u>(28,151)</u>
Minority interests					<u>(4,523)</u>
Loss attributable to shareholders					<u><u>(32,674)</u></u>

	Six months ended 30 June 2002				
	Internet Group	Outdoor Media Group	Publishing Division	Sports & Entertainment Division	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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		Six months ended 30 June	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	37,346	37,581	(19,338)	(15,675)
Mainland China	494,481	298,559	125,003	9,780
Taiwan	<u>335,115</u>	<u>343,078</u>	<u>40,225</u>	<u>55,530</u>
	<u>866,942</u>	<u>679,218</u>	<u>145,890</u>	<u>49,635</u>
Amortisation and depreciation			(83,432)	(63,947)
Unallocated costs			<u>(74,878)</u>	<u>(58,281)</u>
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	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	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. Dividend

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

5. 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 the shares 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.

6. Fixed assets

	30 June	31 December
	2003	2002
	HK\$'000	HK\$'000
At beginning of the period	250,868	190,630
Additions	43,448	121,984
Acquisition of subsidiaries (Note 16)	13,494	66,207
Disposals	(572)	(2,813)
Disposal/deconsolidation of a subsidiary	(1,038)	(20,529)
Depreciation charge	(54,690)	(104,851)
Exchange adjustment	335	240
	<u>251,845</u>	<u>250,868</u>

7. Other non-current assets

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Concession rights (<i>Note</i>)	44,012	43,348
Copyrights (<i>Note</i>)	27,173	39,523
Publishing rights (<i>Note</i>)	1,514	1,911
Pension assets	1,349	1,349
Deferred tax assets	24,052	12,650
	<u>98,100</u>	<u>98,781</u>

Note:

	Concession rights HK\$'000	Copyrights HK\$'000	Publishing rights HK\$'000	30 June 2003 Total HK\$'000	31 December 2002 Total HK\$'000
At beginning of the period	43,348	39,523	1,911	84,782	13,764
Additions	4,585	-	-	4,585	44,714
Acquisition of subsidiaries	-	-	-	-	32,136
Disposal	(273)	(3,550)	-	(3,823)	-
Amortisation charge	(3,648)	(8,800)	(405)	(12,853)	(5,832)
Exchange adjustment	-	-	8	8	-
	<u>44,012</u>	<u>27,173</u>	<u>1,514</u>	<u>72,699</u>	<u>84,782</u>

8. Goodwill

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
At beginning of the period	953,899	440,019
Additions (<i>Note 16</i>)	6,110	749,049
Consideration adjustment	49,726	-
Amortisation charge	(26,177)	(49,514)
Impairment charge	-	(185,668)
Exchange adjustment	8	13
	<u>983,566</u>	<u>953,899</u>

9. Trade and other receivables

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Trade receivables	435,560	380,954
Prepayments, deposits and other receivables	321,132	264,191
	<u>756,692</u>	<u>645,145</u>

The ageing analysis of the Group's trade receivables at end of the period is as follows:

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Current	146,515	201,788
31 – 60 days	120,050	75,721
61 – 90 days	53,022	37,548
Over 90 days	115,973	65,897
	<u>435,560</u>	<u>380,954</u>
Represented by:		
Receivables from related companies	50,735	41,752
Receivables from third parties	384,825	339,202
	<u>435,560</u>	<u>380,954</u>

Majority of the Group's turnover is on open account terms and in accordance with terms specified in the contracts governing the relevant transactions.

10. Trade and other payables

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Trade payables	237,209	207,069
Other payables and accruals	396,217	390,969
	<u>633,426</u>	<u>598,038</u>

The ageing analysis of the Group's trade payables at end of the period is as follows:

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Current	72,659	86,554
31 – 60 days	51,087	31,278
61 – 90 days	39,073	26,382
Over 90 days	74,390	62,855
	<u>237,209</u>	<u>207,069</u>

11. Other long-term liabilities

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Long-term bank loans	1,927	2,243
Loans from shareholders (<i>Note</i>)	850,000	850,000
Loans from minority shareholders	–	3,850
Pension obligations	18,856	18,566
	<u>870,783</u>	<u>874,659</u>

Note:

These represented unsecured loans from the substantial shareholders of the Company, Hutchison Whampoa Limited (“HWL”), Cheung Kong (Holdings) Limited (“CKH”) and Cranwood Company Limited (“Cranwood”) in the amounts of HK\$340,000,000 (31 December 2002: HK\$340,000,000), HK\$170,000,000 (31 December 2002: HK\$170,000,000) and HK\$340,000,000 (31 December 2002: HK\$340,000,000) respectively. In accordance with the Facility Letters dated 10 December 2001 and supplemental Facility Letters dated 12 March 2003, the Group was granted unsecured loan facilities of up to an aggregate of HK\$850,000,000 at interest rate of 50 basis points over 3 month HIBOR. The loans will be repayable by the end of 2004.

12. Share capital

	30 June 2003		31 December 2002	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Authorised				
Ordinary shares of HK\$0.1 each	<u>5,000,000,000</u>	<u>500,000</u>	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid				
At beginning of the period	3,321,865,958	332,187	3,277,645,808	327,765
Issuance of shares	<u>24,170,686</u>	<u>2,417</u>	<u>44,220,150</u>	<u>4,422</u>
At end of the period	<u>3,346,036,644</u>	<u>334,604</u>	<u>3,321,865,958</u>	<u>332,187</u>

On 30 January, 14 May and 30 May 2003, 13,101,798, 4,332,312 and 6,736,576 ordinary shares were allotted and booked at prices ranging between HK\$3.05 and HK\$4.039 per share, which were the fair value calculated based on the average closing price quoted on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) for the calendar month immediately prior to the date of acquisition or the closing price quoted on the Stock Exchange at the date of acquisition, where applicable, as part of the considerations for the acquisition of subsidiaries, respectively.

13. Share option schemes

Details of options outstanding as at 30 June 2003 are as follows:

	Number of share options	
	Pre-IPO Share Option Plan	Share Option Scheme
Outstanding at 1 January 2003	16,196,000	109,504,000
Lapsed	–	(714,000)
Cancelled	–	(1,012,000)
Outstanding at 30 June 2003	<u>16,196,000</u>	<u>107,778,000</u>

No share option was granted during the six months ended 30 June 2003.

Terms of the share options outstanding at 30 June 2003 are:

Expiry date	Subscription price	
10 February – 14 November 2010	HK\$1.78 – HK\$11.30	61,338,000
6 February 2012	HK\$3.76	<u>62,636,000</u>
		<u>123,974,000</u>

14. Reserves

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	General reserves HK\$'000	Exchange difference HK\$'000	Accumulated losses HK\$'000	30 June 2003 Total HK\$'000	31 December 2002 Total HK\$'000
At beginning of the period	2,333,916	(377)	776	343	(802)	(2,388,544)	(54,688)	252,329
Issuance of shares for acquisition of subsidiaries, net of issuing expenses	90,570	-	-	-	-	-	90,570	84,280
Exercise of share options, net of issuing expenses	-	-	-	-	-	-	-	18,537
Loss for the period/year	-	-	-	-	-	(32,674)	(32,674)	(409,579)
Transfer to general reserves	-	-	-	15,285	-	(15,285)	-	-
Exchange difference	-	-	-	-	683	-	683	(255)
At end of the period	<u>2,424,486</u>	<u>(377)</u>	<u>776</u>	<u>15,628</u>	<u>(119)</u>	<u>(2,436,503)</u>	<u>3,891</u>	<u>(54,688)</u>

15. Own shares held

Own shares held represent the cost of 2,928,564 (31 December 2002: 2,681,373) ordinary shares in the Company held by certain subsidiaries and are deducted in arriving at the shareholders' funds.

16. Acquisition

The financial position as at 30 June 2003 and post acquisition profit in respect of a subsidiary acquired during the period amounted to HK\$31,318,000 and HK\$ Nil respectively.

The assets and liabilities arising from the acquisition are as follows:

	HK\$'000
Fixed assets (<i>Note 6</i>)	13,494
Inventories	43
Trade and other receivables	1,383
Bank balances and cash	19,855
Trade and other payables	(3,458)
	<u>31,317</u>
Goodwill (<i>Note 8</i>)	6,110
	<u>37,427</u>
Satisfied by:	
Cash	5,000
Consideration payables	18,322
Interests in jointly controlled entities held prior to acquisition	14,105
	<u>37,427</u>

17. Pledge of assets

At 30 June 2003, bank deposits and cash totalling HK\$64,681,000 (31 December 2002: HK\$10,981,000) were pledged to banks for securing banking facilities granted to the Group's subsidiaries and an investee company.

At 30 June 2003, concession rights and properties of HK\$9,317,000 (31 December 2002: HK\$2,760,000) and HK\$607,000 (31 December 2002: HK\$560,000) respectively were pledged to banks for securing banking facilities granted to the Group's subsidiaries.

18. Contingent liabilities

At 30 June 2003, the Group had contingent liabilities amounting to approximately HK\$9,400,000 (31 December 2002: HK\$9,400,000) in respect of provision of fixed deposits amounting to approximately HK\$9,400,000 (31 December 2002: HK\$9,400,000) as securities for bank loans granted to an investee company in which the Group has 50% equity interest.

19. Commitments**(a) Capital commitments**

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Acquisition of new investments		
– Contracted but not provided for	49,001	52,006
Acquisition of capital expenditure		
– Contracted but not provided for	82,337	19,349
– Authorised but not contracted for	94,457	7,757
	<u>225,795</u>	<u>79,112</u>

At 30 June 2003, the Group had commitments in respect of contributions to registered capital of certain investments in Mainland China totalling HK\$46,530,000 (31 December 2002: HK\$ Nil).

(b) Commitments under operating leases

At 30 June 2003, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 June 2003		31 December 2002	
	Land and buildings HK\$'000	Other assets HK\$'000	Land and buildings HK\$'000	Other assets HK\$'000
Not later than one year	15,743	22,219	34,273	30,300
Later than one year and not later than five years	2,081	52,127	39,506	79,681
Later than five years	–	15,712	747	66,308
	<u>17,824</u>	<u>90,058</u>	<u>74,526</u>	<u>176,289</u>

20. Related party transactions

In the opinion of the directors of the Company, the following is a summary of significant related party transactions, in addition to those disclosed in notes 9 and 11 to the interim accounts.

	<i>Note</i>	30 June 2003 HK\$'000	30 June 2002 HK\$'000
Sales to	(i)		
– HWL and its subsidiaries		368	–
– Metro Broadcast Corporation Limited (“Metro”), an associated company of HWL and CKH		690	–
– CKH and its subsidiaries		128	–
– a jointly controlled entity		4,308	–
– minority shareholders and their subsidiaries		62,614	–
Cost of sales payable to	(ii)		
– minority shareholders of subsidiaries		19,332	19,645
Internet content supply, event air-time and advertising expenses payable to Metro		–	1,919
Office rental receivable from Metro	(iii)	472	894
Office and warehouse rental and service fees payable to related companies	(iv)		
– an equity joint venture of HWL and CKH		2,039	2,275
– a subsidiary of CKH		6,156	5,178
– minority shareholders and their subsidiaries		814	300
Service fees payable to	(v)		
– a subsidiary of HWL		2,003	–
Service fees payable to	(vi)		
– HWL and its subsidiaries		921	426
– an investee company		–	6,821
– subsidiaries of minority shareholders		4,463	3,025
Interest income receivable from loans to			
– an investee company		–	935
– a minority shareholder of subsidiary		–	337
Interest expenses payable to	11		
– a subsidiary of HWL		3,169	2,438
– a subsidiary of CKH		1,584	1,219
– Cranwood		3,169	2,438

Notes:

- (i) Sales to related companies are principally at terms no less favourable than those sales to third party customers of the Group.
- (ii) Cost of sales were payable to the minority shareholders of subsidiaries at market rates.
- (iii) Rental of office premises was charged to Metro based on the floor areas occupied.
- (iv) The rental and service fees were payable to the related companies for office premises and warehouses leased to the Group. The office premises and warehouses were leased to the Group at market rates.
- (v) The service fees were recharged by a subsidiary of HWL on cost reimbursement basis for the provision of administrative, information technology and consultancy services.
- (vi) The service fees were payable to related companies for the provision of goods and services rendered at market rates.

21. Subsequent events

- (a) On 2 July 2003, the Group entered into an agreement with an independent third party to acquire 64.07% of the issued share capital of China Entertainment Television Broadcast Limited by issuance of 21,250,000 shares of the Company at HK\$2.535 per share. Under the terms of the agreement, the Group has committed to assume all funding obligations of the businesses of not less than a total of US\$30 million (approximately HK\$234 million) over a period of 30 months.
- (b) On 3 July 2003, the Group entered into the placing and subscription agreements for placing and allotment of 450,000,000 shares of the Company for a net proceed of approximately HK\$995 million. The completion of placing and subscription took place on 7 July 2003 and 8 July 2003, respectively.
- (c) On 10 July 2003, four Taiwan subsidiaries of the Group have entered into the Financing Facility Agreement with five financial institutions pursuant to which the said subsidiaries have been granted a syndicated loan facility in an aggregate amount of up to NT\$1.875 million (approximately HK\$426 million).
- (d) On 12 July 2003, the Group completed the restructuring of Taiwan print media group through the acquisition of approximately 6.13% of the issued share capital of Cité Publishing Holding Limited (“Cité Publishing Holding”), the holding company of Taiwan print media companies, by issuance of 20,632,106 shares of the Company and booked at HK\$2.375 per share, which was the fair value calculated based on the closing price quoted on the Stock Exchange at the date of acquisition. The shareholding of the Group in Cité Publishing Holding increased from approximately 77.32% to approximately 83.45%.
- (e) On 31 July 2003, the Group completed the acquisition of approximately 0.39% of the issued share capital of Cité Publishing Holding from a previously non-selling party (who subsequently agreed to sell his 1.55% of the issued share of Home Media Group Limited and to subscribe 0.78% of the issued capital of Cité Publishing Holding), by issuance of 1,319,998 shares of the Company and booked at HK\$2.1 per share, which was the fair value calculated based on the closing price quoted on the Stock Exchange at the date of acquisition. The shareholding of the Group in Cité Publishing Holding changed to approximately 83.19%.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2003, the interests or short positions of the Directors in the shares, underlying shares and debentures of TOM or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to TOM and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.40 of the GEM Listing Rules, to be notified to TOM and the Stock Exchange, were as follows:

(a) Long positions in shares of TOM

Name of Directors	Capacity	Number of shares of TOM				Total	Approximate percentage of shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Sing Wang <i>(Note)</i>	Interest of a controlled corporation	–	–	5,898,000	–	5,898,000	0.18%
Wang Lei Lei	Beneficial owner	300,000	–	–	–	300,000	0.01%

Note: By virtue of the SFO, 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) Rights to acquire shares of TOM

Pursuant to the Pre-IPO Share Option Plan and/or the Share Option Scheme, certain Directors were granted share options to subscribe for the shares of TOM, details of which as at 30 June 2003 were as follows:

Name of Directors	Date of grant	Number of share options outstanding as at 30 June 2003	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
James Sha	15/11/2000	15,000,000	15/11/2000 – 14/11/2010	5.30
Wang Lei Lei	11/2/2000	9,080,000	11/2/2000 – 10/2/2010	1.78
	7/2/2002	850,000	7/2/2002 – 6/2/2012	3.76

Save as disclosed above, during the six months ended 30 June 2003, none of the Directors or their Associates was granted options to subscribe for shares of TOM, nor had exercised such rights.

(c) Short positions in associated corporations

Even though each of the following companies are wholly-owned subsidiaries of TOM by reason of the option and pledge arrangements entered into by Mr. Sing Wang and/or Mr. Wang Lei Lei, however on strict interpretation of the SFO Rules and in strict compliance with the requirements of the SFO, disclosures were made and details of the short positions of the Directors as at 30 June 2003 were as follows:

1. Mr. Sing Wang, a director of TOM has as of 6 December 1999 granted an option to a wholly-owned subsidiary of TOM in respect of his 9% (RMB2,070,000) equity interest in 深圳新飛網 whereby such wholly-owned subsidiary of TOM has the right at any time to acquire all of Mr. Sing Wang's equity interest in 深圳新飛網 at an exercise price of RMB2,070,000. In addition, Mr. Sing Wang has also pledged all his equity interests in 深圳新飛網 to the aforesaid wholly-owned subsidiary of TOM, which also serves to secure his obligations under the option. 深圳新飛網 is a wholly-owned subsidiary of TOM through the aforesaid option and pledge arrangement with Mr. Sing Wang and other shareholders of 深圳新飛網.

2. Mr. Wang Lei Lei, a director of TOM has granted to certain wholly-owned subsidiaries of TOM options whereby such wholly-owned subsidiaries of TOM shall have the right at any time at their sole discretion to acquire all of Mr. Wang Lei Lei's equity interests in the companies below:

- (a) in respect of 深圳新飛網, an option was granted as of 2 November 2000 in respect of his 20% (RMB4,600,000) equity interest in 深圳新飛網 whereby such wholly-owned subsidiary of TOM has the right at any time to acquire all of Mr. Wang Lei Lei's equity interest in 深圳新飛網 at an exercise price of RMB4,600,000;
- (b) in respect of 新飛訊能廣告, an option was granted as of 18 April 2001 in respect of his 10% (RMB100,000) equity interest in 新飛訊能廣告 whereby such wholly-owned subsidiary of TOM has the right at any time to acquire all of Mr. Wang Lei Lei's equity interest in 新飛訊能廣告 at an exercise price of RMB100,000;
- (c) in respect of Fench Consultancy, an option was granted as of 6 December 2000 in respect of his 20% (RMB1,122,000) equity interest in Fench Consultancy whereby such wholly-owned subsidiary of TOM has the right at any time to acquire all of Mr. Wang Lei Lei's equity interest in Fench Consultancy at an exercise price of RMB1,122,000;
- (d) in respect of Lei Ting Wan Jun, an option was granted as of 12 June 2001 in respect of his 20% (RMB2,200,000) equity interest in Lei Ting Wan Jun whereby such wholly-owned subsidiary of TOM has the right at any time to acquire all of Mr. Wang Lei Lei's equity interest in Lei Ting Wan Jun at an exercise price of RMB2,200,000;
- (e) in respect of 唐碼國際廣告, an option was granted as of 12 June 2001 in respect of his 20% (RMB200,000) equity interest in 唐碼國際廣告 whereby such wholly-owned subsidiary of TOM has the right at any time to acquire all of Mr. Wang Lei Lei's equity interest in 唐碼國際廣告 at an exercise price of RMB200,000; and
- (f) in respect of 新易網通, an option was granted as of 24 December 2001 in respect of his 10% (RMB100,000) equity interest in 新易網通 whereby such wholly-owned subsidiary of TOM has the right at any time to acquire all of Mr. Wang Lei Lei's equity interest in 新易網通 at an exercise price of RMB100,000.

In each case, Mr. Wang Lei Lei has pledged all his equity interest in each of these companies to the relevant wholly-owned subsidiaries of TOM to secure his obligations under the respective options.

Save as disclosed above, none of the Directors or their Associates had, as at 30 June 2003, any interests or short positions in any shares, underlying shares or debentures of, TOM or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to TOM and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.40 of the GEM Listing Rules, to be notified to TOM and the Stock Exchange.

OUTSTANDING SHARE OPTIONS

As at 30 June 2003, options to subscribe for an aggregate of 123,974,000 shares of TOM granted pursuant to the Pre-IPO Share Option Plan and the Share Option Scheme were outstanding. Details of which were as follows:

(a) Pre-IPO Share Option Plan

As at 30 June 2003, options to subscribe for an aggregate of 16,196,000 shares of TOM were outstanding and these options relate to the options granted to 3 persons who are employees of the Group at the date of grant. Details of which as at 30 June 2003 were as follows:

Date of grant	Outstanding as at 1 January 2003	Exercised during the period	Number of share options		Outstanding as at 30 June 2003	Option period	Subscription price per share of TOM HK\$
			Lapsed during the period	Cancelled during the period			
11/2/2000	16,196,000	-	-	-	16,196,000	11/2/2000 - 10/2/2010 (Note)	1.78

Note: The options have vested in three tranches in the proportion of 20%:30%:50% on 11 February 2001, 11 February 2002 and 11 February 2003, respectively.

(b) Share Option Scheme

As at 30 June 2003, options to subscribe for an aggregate of 107,778,000 shares of TOM which were granted to certain continuous contract employees of the Group (including the directors of the Group as disclosed above) were outstanding. Details of which as at 30 June 2003 were as follows:

Date of grant	Number of share options						Outstanding as at 30 June 2003	Option period	Subscription price per share of TOM HK\$
	Outstanding as at 1 January 2003	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2003			
23/3/2000	3,242,000	-	-	294,000	-	2,948,000	23/3/2000 – 22/3/2010	11.30	
						(Note 1)			
31/5/2000	2,332,000	-	-	-	-	2,332,000	31/5/2000 – 30/5/2010	4.685	
						(Note 2)			
26/6/2000	1,602,000	-	-	126,000	-	1,476,000	26/6/2000 – 25/6/2010	5.89	
						(Note 3)			
30/6/2000	3,000,000	-	-	-	-	3,000,000	30/6/2000 – 29/6/2010	5.27	
						(Note 4)			
8/8/2000	(i) 9,086,000 (ii) 10,898,000	-	-	(i) - (ii) 110,000	(i) 370,000 (ii) 238,000	(i) 8,716,000 (ii) 10,550,000	8/8/2000 – 7/8/2010	5.30	
						(Note 5a) (Note 5b)			
9/11/2000	1,120,000	-	-	-	-	1,120,000	9/11/2000 – 8/11/2010	5.30	
						(Note 6)			
15/11/2000	15,000,000	-	-	-	-	15,000,000	15/11/2000 – 14/11/2010	5.30	
						(Note 7)			
7/2/2002	63,224,000	-	-	184,000	404,000	62,636,000	7/2/2002 – 6/2/2012	3.76	
						(Note 8)			
Total:	109,504,000	-	-	714,000	1,012,000	107,778,000			

Notes:

1. The options will vest in two tranches in the proportion of 50%:50%. The first and second tranches of the options will vest on 23 March 2005 and 23 March 2006, respectively.
2. The options have vested on 31 May 2001.
3. The options will vest in two tranches in the proportion of 50%:50%. The first and second tranches of the options will vest on 26 June 2005 and 26 June 2006, respectively.
4. The options have vested on 30 June 2001.
5. (a) The options have vested on 8 August 2001.
(b) The options have vested in two tranches in the proportion of 50%:50%. 70% of the first tranche of the options have vested on 8 August 2001, the remaining 30% of the first tranche have lapsed due to certain conditions not having been fulfilled. 70% of the second tranche of the options have vested on 8 August 2002, the remaining 30% of the second tranche have lapsed due to certain conditions not having been fulfilled.
6. The options have vested on 9 November 2001.
7. The options will vest in three tranches in the proportion of 20%:30%:50%. The first and second tranches of the options have vested on 15 November 2001 and 15 November 2002, respectively. The third tranche of the options will vest on 15 November 2003.
8. The options will vest in three tranches in the proportion of 40%:30%:30% or 1/3:1/3:1/3.

For those grantees who have worked for the Group for over 1 year at the time of grant, the first tranche of the option would have vested on 8 February 2002. The second and third tranches of the options will vest on the second and third anniversaries (as the case may be) of their respective joining dates with the Group.

For those grantees who have worked for the Group for less than 1 year at the time of grant, the first, second and third tranches of the options will vest on the first, second and third anniversaries of their respective joining dates with the Group, as the case may be.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 June 2003, the persons or corporations (not being a Director or chief executive of TOM) who have interests or short positions in the shares and underlying shares of TOM as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to TOM were as follows:

Name of shareholders	Capacity	No. of shares of TOM held	Approximate percentage of shareholding
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	1,429,024,545 (Notes 1 & 2)	42.71%
Li Ka-Shing Unity Trustee Corporation Limited <i>(as trustee of The Li Ka-Shing Unity Discretionary Trust)</i>	Trustee & beneficiary of a trust	1,429,024,545 (Notes 1 & 2)	42.71%
Li Ka-Shing Unity Trustcorp Limited <i>(as trustee of another discretionary trust)</i>	Trustee & beneficiary of a trust	1,429,024,545 (Notes 1 & 2)	42.71%
Li Ka-Shing Unity Trustee Company Limited <i>(as trustee of The Li Ka-Shing Unity Trust)</i>	Trustee	1,429,024,545 (Notes 1 & 2)	42.71%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,429,024,545 (Notes 1 & 2)	42.71%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (Note 1)	14.24%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (Note 1)	14.24%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (Note 1)	14.24%
Romefield Limited	Beneficial owner	476,341,182 (Note 1)	14.24%
Hutchison Whampoa Limited	Interest of a controlled corporation	952,683,363 (Note 2)	28.47%

Name of shareholders	Capacity	No. of shares of TOM held	Approximate percentage of shareholding
Hutchison International Limited	Interest of a controlled corporation	952,683,363 <i>(Note 2)</i>	28.47%
Easterhouse Limited	Beneficial owner	952,683,363 <i>(Note 2)</i>	28.47%
Chau Hoi Shuen	Interest of controlled corporations	952,683,363 <i>(Note 3)</i>	28.47%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	952,683,363 <i>(Note 3)</i>	28.47%
Schumann International Limited	Beneficial owner	580,000,000 <i>(Note 3)</i>	17.33%
Handel International Limited	Beneficial owner	348,000,000 <i>(Note 3)</i>	10.40%

Notes:

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

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

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

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

- (2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of Hutchison Whampoa Limited. By virtue of the SFO, Hutchison Whampoa Limited and Hutchison International Limited are deemed to be interested in the 952,683,363 shares of 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 SFO, Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Li Ka-Shing Unity Trustee Corporation Limited, Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited and Cheung Kong (Holdings) Limited are all deemed to be interested in the 476,341,182 shares of 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 SFO, 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 SFO, 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, as at 30 June 2003, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of TOM representing 5% 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. 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 have any interests in a business which competes or may compete with the business of the Group.

WAIVERS FOR CERTAIN DISCLOSURE OBLIGATIONS UNDER CHAPTER 17 OF THE GEM LISTING RULES

As the net tangible assets (i.e. the aggregate of capital and reserves (excluding minority interests and intangibles)) shown in TOM's latest published audited consolidated financial statements for the year ended 31 December 2002 was negative, any advance to an entity or any financial assistance granted to or any guarantee (however minor) given for the benefit of the affiliated companies of the Group which remained outstanding as at 31 December 2002 or made after 31 December 2002 would give rise to a disclosure obligation under Rules 17.15, 17.16 and 17.17 and 17.18 of the GEM Listing Rules. As it was impracticable to strictly comply with the rules, TOM has made an application to the Stock Exchange for substitution of "net tangible assets" with "net assets" when interpreting, inter alia, Rules 17.15, 17.16 and 17.18 of the GEM Listing Rules.

On 3 April 2003, the GEM Listing Committee granted waivers in respect of, inter alia, the following disclosure obligations under Chapter 17 of the GEM Listing Rules and to adopt a modified approach in the calculation of the thresholds. In respect of Rules 17.15, 17.16 and 17.18 of the GEM Listing Rules, "net tangible assets" will be substituted by "net assets" and the percentage thresholds will be downward adjusted as follows:

GEM Listing Rules	Modified percentage thresholds
Rule 17.15 – advance to an entity	8% or more
Rule 17.16 – further advance to an entity	3% or more
Rule 17.18 – financial assistance to affiliates	8% or more

Disclosure obligation will be triggered immediately upon such thresholds being met.

The aforesaid waivers are valid until the earlier of (1) an amendment to the GEM Listing Rules in this area; or (2) the publication or the due date of the annual report of TOM for the year ending 31 December 2003 (i.e. on or before 31 March 2004).

ADVANCES TO AN ENTITY

Based on the modified approach in determining the disclosure obligations under Chapter 17 of the GEM Listing Rules as mentioned above, as at 30 June 2003, details of advances (including guarantee given by the Group) which are non-trading nature, made by the Group to the following entities (which amount exceeds 8% of the net assets of the Group as at 31 December 2002) were as follows:

Name of company	Relationship with the Group	Advances HK\$'000	Corporate guarantee HK\$'000
Maya Online	Investee company	11,271 <i>(Note 1)</i> 18,798 <i>(Note 2)</i> 70,902 <i>(Note 3)</i>	9,400 <i>(Note 4)</i>
Maya Cultural	Investee company	29,849 <i>(Note 5)</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 June 2003 are unsecured, interest free and repayable on demand.
4. This represents the corporate guarantee secured by 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. These advances to Maya Cultural made between the period from 5 February 2001 to 30 June 2003 are unsecured, interest free and repayable on demand.

In addition, as at 30 June 2003, details of the trade receivables of the Group due from the following customers (which amount exceeds 8% of the net assets of the Group as at 31 December 2002) were as follows:

Name of customers	Balance of trade receivables HK\$
廣東精彩無限文化有限公司 and its related companies	45,126,541

Notes:

1. The above trade receivables were resulted from sales to the above customers by the Group in its ordinary course of business and on normal commercial terms.
2. The above trade receivables are unsecured and in accordance with terms specified in the contracts governing the relevant transactions (such as delivery periods, payment periods (the above trade receivables are expected to be settled on or before 31 December 2003), rights and obligations of the above customers in respect of its performance under the contracts). No collateral is required to be made by the above customers and no interest is charged on any of the trade receivables.

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, Ms. Tommei Tong and two independent non-executive Directors, namely Mrs. Angelina Lee and Mr. Henry Cheong.

BOARD PRACTICES AND PROCEDURES

During the six months ended 30 June 2003, TOM has complied with the 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.