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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

MAJOR TRANSACTION

**ISSUE OF GUARANTEED CONVERTIBLE BONDS DUE 2008
IN THE AGGREGATE PRINCIPAL AMOUNT OF US\$150,000,000**

This circular 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.COM LIMITED at www.tomgroup.com.

CHARACTERISTICS OF GEM

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Alternative Stock Exchange”	means at any time, in the case of the Shares, if they are not at that time listed and traded on GEM, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“associates”	has the same meaning as ascribed to it under the GEM Listing Rules
“Board”	means the board of directors of the Company
“Bondholder(s)”	means holder(s) of the Convertible Bonds
“Cazenove”	means Cazenove Asia Limited
“CCASS”	means the Central Clearing and Settlement System, established and operated by Hong Kong Securities Clearing Company Limited
“Citigroup”	means Citigroup Global Markets Limited
“Closing Date”	means 28 November 2003
“Closing Price”	means the closing price of the Shares (as derived from the daily quotation sheet, or as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange)
“Co-Manager”	means Cazenove
“Company”	means TOM.COM LIMITED, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM
“Completion”	means completion of the arrangements contemplated under the Subscription Agreement and the issue of the Convertible Bonds
“Convertible Bonds”	means the convertible bonds of US\$1,000 each in the aggregate principal amount of US\$150 million which are issued by the Issuer pursuant to the Subscription Agreement
“Conversion Price”	means HK\$3.315 per Share (equivalent to US\$0.425, as translated into US dollars at the fixed rate of US\$1.00 = HK\$7.8) which will be subject to adjustment for, amongst other things, subdivision or consolidation of Shares, bonus issues, rights issues and other dilutive events

DEFINITIONS

“Cranwood”	means Cranwood Company Limited, a company incorporated in the Republic of Liberia and a company wholly-owned by Ms. Chau Hoi Shuen, which owns 952,683,363 Shares (representing approximately 24.57% of the issued share capital of the Company) as at the Latest Practicable Date
“Denomination”	means US\$1,000 and integral multiples thereof
“Deutsche Bank”	means Deutsche Bank AG London
“Directors”	means the directors of the Company
“Easterhouse”	means Easterhouse Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Hutchison Whampoa Limited, which owns 952,683,363 Shares (representing approximately 24.57% of the issued share capital of the Company) as at the Latest Practicable Date
“Extension Announcement”	means the announcement of the Company dated 8 April 2003 regarding, among other things, the extension granted by the Stock Exchange of the applicable period for the modified ratio calculations and its application to the notifiable transactions of the Company
“Final Redemption”	unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the Terms and Conditions, the Convertible Bonds will be redeemed on 28 November 2008 at 103.86 per cent. of the principal amount together with accrued interest
“Guarantor”	means 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 GEM
“Group” or “TOM Group”	means the Company and its subsidiaries
“Handel”	means Handel International Limited, a company incorporated in the British Virgin Islands with limited liability and a company owned as to 90% by Cranwood, which owns 348,000,000 Shares (representing approximately 8.97% of the issued share capital of the Company) as at the Latest Practicable Date

DEFINITIONS

“Holdco”	means TOM Online Inc., a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Holdco Shares”	means shares of HK\$0.01 each in the capital of Holdco, which are proposed to be listed on a recognised stock exchange. For the purpose of this circular, unless specified otherwise in Holdco’s articles of association, each Holdco Share shall carry one vote
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Interest”	means 0.5 per cent. per annum, payable semi-annually in arrear on 28 May and 28 November in each year commencing from 28 May 2004
“International Investment Securities”	means bonds, debentures, notes or other investment securities which are for the time being, or are capable of being, quoted, listed ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside Hong Kong
“Issuer”	means TOM Holdings Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Issue Price”	means 100 per cent. of the principal amount of the Convertible Bonds
“Joint Bookrunners”	means Citigroup and Deutsche Bank
“Latest Practicable Date”	means 5 December 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information set out in this circular
“Major Subsidiary”	means a subsidiary in which the Company holds a 65% or more interest in the issued share capital of such company
“Managers”	means the Joint Bookrunners and the Co-Manager
“Nasdaq”	means the Nasdaq National Market in the US
“Option”	means an option granted by the Issuer to the Joint Bookrunners and the Co-Manager under the Subscription Agreement pursuant to which the Issuer may be required to issue up to a further US\$35,000,000 of aggregate principal amount of the Convertible Bonds at par

DEFINITIONS

“PRC”	means the People’s Republic of China
“Pre-IPO Share Option Plan”	means the Pre-IPO Share Option Plan adopted by the Company on 11 February 2000 (as described in Appendix IV to the Company’s prospectus dated 18 February 2000)
“Romefield”	means Romefield Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited, which owns 476,341,182 Shares (representing approximately 12.28% of the issued share capital of the Company) as at the Latest Practicable Date
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	means the shareholder(s) of the Company
“Share Option Scheme”	means the share option scheme adopted by the Company on 11 February 2000 (as amended)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	means the conditional subscription agreement dated 6 November 2003 entered into between the Company, the Issuer, the Joint Bookrunners and the Co-Manager in connection with the issue of the Convertible Bonds
“Terms and Conditions”	means the terms and conditions of the Convertible Bonds scheduled to the Subscription Agreement
“Trustee”	means DB Trustees (Hong Kong) Limited
“Trust Deed”	means a trust deed dated 28 November 2003 entered into between the Issuer, the Company and the Trustee constituting the Convertible Bonds
“US”	means the United States of America
“US\$”	means US dollars, the lawful currency of the US



TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

Directors:

Frank Sixt* (*Chairman*)
Sing Wang (*Chief Executive Officer*)
Tommei Tong
Henry Cheong#
Angelina Lee#
Anna Wu#
Debbie Chang*
Susan Chow*
Edmond Ip*
Holger Kluge*
James Sha*
Wang Lei Lei*

* *Non-executive Directors*

Independent non-executive Directors

Registered office:

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Head office and principal

place of business:
48th Floor, The Center
99 Queen's Road Central
Central
Hong Kong

9 December 2003

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**ISSUE OF GUARANTEED CONVERTIBLE BONDS DUE 2008
IN THE AGGREGATE PRINCIPAL AMOUNT OF US\$150,000,000**

INTRODUCTION

The Board announced on 6 November 2003 that the Company has entered into the Subscription Agreement with Citigroup and Deutsche Bank (the Joint Bookrunners) and Cazenove (the Co-Manager), and the Issuer whereby the Joint Bookrunners and the Co-Manager agreed to subscribe for the Convertible Bonds of the Issuer at par in an aggregate principal amount of US\$150 million (approximately HK\$1,170 million). On 28 November 2003, the Convertible Bonds have been issued by the Issuer and are unconditionally and irrevocably guaranteed by, and convertible into ordinary shares of par value HK\$0.10 each of, the Company. The Convertible Bonds have been issued by the Issuer for placing to not less than

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six independent places. Listing of the Convertible Bonds on the Luxembourg Stock Exchange has commenced on 28 November 2003.

In addition, the Issuer has granted the Joint Bookrunners and the Co-Manager an option to require the Issuer to issue up to a further US\$35 million (approximately HK\$273 million) of aggregate principal amount of the Convertible Bonds at par, exercisable on one occasion at any time up to and including 30 days after 6 November 2003. Notice has been received from the Joint Bookrunners (on behalf of the Managers) that they will not exercise the Option.

Based on the latest adjusted net assets of the Company and the application of Rule 19.18 of the GEM Listing Rules set out in the Extension Announcement, the issue of the Convertible Bonds for the principal amount of US\$150 million (approximately HK\$1,170 million) constitutes a major transaction involving the issuance of new securities by a wholly-owned subsidiary of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to shareholders' approval. Such shareholders' approval has been obtained from Romefield, Easterhouse and Cranwood, being the shareholders of the Company collectively holding 61.76% in nominal value of the Shares in issue as at 6 November 2003 giving the right to attend and vote at the relevant general meeting of the Company. Waiver has been obtained from the Stock Exchange from the requirement to convene a general meeting to consider and approve the issuance of the Convertible Bonds pursuant to Rule 19.41 of the GEM Listing Rules on the basis that the interest of Romefield, Easterhouse and Cranwood is the same as all the other shareholders of the Company. It will, therefore, not necessary for the Company to convene a meeting of shareholders to approve the same.

The purpose of this circular is to provide the Shareholders with further information in relation to the issue of the Convertible Bonds. This circular also contain information in compliance with the GEM Listing Rules.

SUBSCRIPTION AGREEMENT

Date: 6 November 2003

Parties: The Company (as the Guarantor)

The Issuer (a wholly-owned subsidiary of the Company)

Citigroup and Deutsche Bank (being the Joint Bookrunners in respect of the subscription and the issue of the Convertible Bonds)

Cazenove (as the Co-Manager)

Places: not less than six independent places

Each of Citigroup, Deutsche Bank, Cazenove and their ultimate beneficial owners are all independent third parties not connected with any of the Directors, chief executive, substantial shareholders, management shareholders of the Company or any of their respective associates.

LETTER FROM THE BOARD

The placees are independent third parties not connected with any of the Directors, chief executive, substantial shareholders, management shareholders of the Company or any of their respective associates. Therefore, the issue of the Convertible Bonds will not have any impact on the public float of the Company.

In addition, the Issuer has granted the Joint Bookrunners and the Co-Manager an option to require the Issuer to issue up to a further US\$35 million (approximately HK\$273 million) of aggregate principal amount of the Convertible Bonds at par, exercisable on one occasion at any time up to and including 30 days after 6 November 2003. Notice has been received from the Joint Bookrunners (on behalf of the Managers) that they will not exercise the Option.

COMPLETION OF THE SUBSCRIPTION AGREEMENT

Completion of the Subscription Agreement is conditional upon inter alia:

- (a) the Stock Exchange granting listing of, and permission to deal in, the Shares to be issued upon conversion of the Convertible Bonds;
- (b) the Shareholders approving the issue of the Convertible Bonds (including the additional Convertible Bonds which may be issued if the Option is exercised in full by the Joint Bookrunners) and the Shares upon conversion of the same Convertible Bonds, both in accordance with the terms and conditions of the Subscription Agreement; and
- (c) other conditions in respect of the execution and delivery of other legal documents in connection with the issue of the Convertible Bonds, the warranties set out in the Subscription Agreement being true and correct and there being no change or any development involving a prospective material adverse change in the condition, financial or otherwise, in the Company or any of its subsidiaries.

The listing approval referred to in paragraph (a) above was issued by the Stock Exchange on 26 November 2003.

The Shareholders' approval referred to in paragraph (b) above has been obtained from Romefield, Easterhouse and Cranwood, being the shareholders of the Company collectively holding 61.76% in nominal value of the Shares in issue as at 6 November 2003 giving the right to attend and vote at the relevant general meeting of the Company. It will, therefore, not be necessary for the Company to convene a meeting of shareholders to approve the same. The Company has also complied with the requirements of Rule 19.38 of the GEM Listing Rules.

Completion of the Subscription Agreement took place on 28 November 2003. Convertible Bonds in an aggregate principal amount of US\$150 million (approximately HK\$1,170 million) have been issued by the Issuer at Completion and the proceeds of the issue of the Convertible Bonds has been received by the Issuer.

LETTER FROM THE BOARD

CONVERSION OF THE CONVERTIBLE BONDS

New Shares will be issuable upon conversion of the Convertible Bonds and will rank *pari passu* in all respects with existing Shares. New Shares issuable upon conversion of the Convertible Bonds will be issued pursuant to the general mandate granted to the Directors by the resolution of the Shareholders at the extraordinary general meeting of the Company held on 5 August 2003. The general mandate has not been used since such date of grant. Accordingly, the Directors have authority to issue up to 765,140,690 Shares under the general mandate.

SUMMARY OF PRINCIPAL TERMS OF THE CONVERTIBLE BONDS AND THE ISSUE

The principal terms of the Convertible Bonds and the basis on which the Convertible Bonds has been issued are summarised as follows:

Issuer:	TOM Holdings Limited, a wholly-owned subsidiary of the Company.
Guarantor:	TOM.COM LIMITED
Joint Bookrunners:	Citigroup and Deutsche Bank
Co-Manager:	Cazenove
Principal amount of the Convertible Bonds:	The aggregate principal amount of the Convertible Bonds is US\$150 million (approximately HK\$1,170 million).
Form and Denomination:	The Convertible Bonds are issued in registered form in the denomination of US\$1,000 each without coupons attached. A bond certificate will be issued to each Bondholder in respect of its registered holding of the Convertible Bonds. Upon issue, the Convertible Bonds will be represented by a Global Certificate deposited with a common depository for, and representing Convertible Bonds registered in the name of a nominee of Euroclear Bank S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme, Luxembourg.
Closing Date:	28 November 2003
Maturity Date:	28 November 2008
Issue Price:	100% of the principal amount of the Convertible Bonds.
Interest:	The Convertible Bonds will bear interest from (and including) the Closing Date at the rate of 0.50% per annum on the principal amount of each Convertible Bond, payable semi-annually in arrear up to but excluding the Maturity Date.

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- Conversion Rights:** The Bondholders will have the right at any time on and after 8 January 2004 up to the close of business on 14 November 2008 to convert the Convertible Bonds into Shares. The number of Shares to be issued on conversion will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion translated into US dollars at the fixed exchange rate of US\$1.00 = HK\$7.80.
- Conversion Period:** From and including 8 January 2004 up to the close of business on 14 November 2008.
- Conversion Price:** The initial Conversion Price at which a Share will be issued on conversion will be HK\$3.315, representing a premium of 30% to the closing price of the Shares as quoted on the Stock Exchange on 5 November 2003. The Conversion Price will be subject to adjustment as provided in the Terms and Conditions for example following any alteration to the par value of the Shares as a result of consolidation, subdivision or reclassification, the payment of a scrip dividend or the issue of Shares to all shareholders at a discount to the current market price.
- Conversion Shares:** New Shares will be issuable upon conversion of the Convertible Bonds and will rank *pari passu* in all respects with existing Shares. New Shares issuable upon conversion of the Convertible Bonds will be issued pursuant to the general mandate granted to the Directors by the resolution of the Shareholders at the extraordinary general meeting of the Company held on 5 August 2003. The general mandate has not been used since such date of grant. Accordingly, the Directors have authority to issue up to 765,140,690 Shares under the general mandate.
- Redemption on Maturity:** Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the Terms and Conditions, the Convertible Bonds will be redeemed at 103.86% of their principal amount, plus accrued interest, on the Maturity Date.
- Redemption at the option of the Issuer:** The Issuer may, on or at any time after 13 December 2006 and prior to the Maturity Date, redeem all (in the circumstances described in (ii) below), or from time to time, redeem some only, in an aggregate principal amount of US\$1,000,000 or an integral multiple thereof, of the Convertible Bonds at their Early Redemption Amount (as defined below) together with interest accrued to but excluding the date of redemption, if (i) the Closing Price (as defined in the Terms and Conditions) (translated into US dollars at prevailing rates) for each of 20 out of 30 consecutive Trading Days, the last of which occurs not more than 20 days

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prior to the date upon which notice of such redemption is published, shall be at least 125% of the principal amount of one Bond divided by the then prevailing Conversion Ratio (as defined in the Terms and Conditions) as determined by the conversion agent or (ii) at least 85% in principal amount of the Convertible Bonds has already been redeemed, converted or purchased and cancelled.

Redemption at the option
of the Bondholders:

The Convertible Bonds may be redeemed, at the option of the Bondholders, (i) at the relevant redemption date in the event of occurrence of a Change of Control (as defined in the Terms and Conditions) of the Company; and (ii) on the third anniversary of the Closing Date, in each case at their Early Redemption Amount plus accrued interest.

Redemption for tax reasons:

All, but not some only, of the Convertible Bonds may be redeemed at their Early Redemption Amount at the date fixed for redemption, together with interest accrued to the date of redemption, at the option of the Issuer, at any time, on giving not less than 30 nor more than 60 days' notice in accordance with the Terms and Conditions if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or as the case may be, the Guarantor) has or will become obliged to pay any additional amounts in respect of any payment of principal, premium (if any) and/or interest made by the Issuer (or as the case may be, the Guarantor) under or in respect of the Trust Deed or the Convertible Bonds as provided or referred to in the Terms and Conditions as a result of any change in or amendment to the laws of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 6 November 2003 and (ii) such obligations can not be avoided by the Issuer (or as the case may be, the Guarantor) taking reasonable measures available to it.

Redemption for Change
of Control:

Each Bondholder will, upon the occurrence of a Relevant Event, have the right to require the Issuer to redeem all or some only of such Bondholder's Convertible Bonds on the Relevant Event Put Date (as defined in the Trust Deed) at the Early Redemption Amount together with accrued interest, subject to the Terms and Conditions.

LETTER FROM THE BOARD

- Early Redemption Amount: The Early Redemption Amount of a Convertible Bond is an amount equal to the principal amount of that Convertible Bond plus a premium calculated to give the Bondholder a fixed return of 1.25% per annum from the Closing Date to the redemption date of that Convertible Bond.
- Status: The Convertible Bonds (and the Company's guarantee thereof) will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and the Company and shall at all times rank *pari passu* and without any reference or priority among themselves. The obligations of the Issuer and the Company in respect of the Convertible Bonds shall at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.
- Guarantee: The due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Convertible Bonds has been unconditionally and irrevocably guaranteed by the Guarantor as set out in the Trust Deed.
- Negative Pledge: So long as any Convertible Bond remains outstanding, neither the Issuer nor the Company will (and will procure that no subsidiary will) create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities or to secure any guarantee of or indemnity in respect of any International Investment Securities unless, at the same time or prior thereto, the Issuer's obligations under the Convertible Bonds or, as the case may be, the Guarantor's obligations under its guarantee of the Convertible Bonds (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Bondholders.
- Listing: The listing of the Convertible Bonds on the Luxembourg Stock Exchange has commenced on 28 November 2003. No application will be made for the listing of, and permission to deal in, the Convertible Bonds on any other stock exchange. The Stock Exchange has, on 26 November 2003, granted to the Company an approval to list, and a permission to deal in, the Shares to be issued upon conversion of the Convertible Bonds.
- Completion of the Subscription Agreement will be conditional *inter alia* upon: (a) the Stock Exchange granting listing of, and permission to deal in, the Shares which may fall to be issued upon conversion of the Convertible Bonds;

LETTER FROM THE BOARD

- (b) an application having been made by or on behalf of Issuer to the Luxembourg Stock Exchange to have the Convertible Bonds listed on the Luxembourg Stock Exchange; and
- (c) other conditions in respect of the execution and delivery of other legal documents in connection with the issue of the Convertible Bonds, the warranties set out in the Subscription Agreement being accurate and correct as at the Closing Date and at the Closing Date there being no change, or any event or development reasonably likely to involve a prospective change in the condition (financial or other), prospects, results of or the operations of the Issuer, the Company and their subsidiaries as a whole.

As all the aforesaid conditions have been fulfilled, completion of the issue of the Convertible Bonds took place on 28 November 2003.

The terms and conditions of the Convertible Bonds were negotiated between the Company, the Joint Bookrunners and the Co-Manager on an arm's length basis. The Directors, including the independent non-executive Directors, consider such terms to be fair and reasonable as far as the Shareholders are concerned.

The Convertible Bonds will be convertible into Shares at an initial conversion price of HK\$3.315 per Share, representing a premium of 30% to the closing price of the Shares as quoted on the Stock Exchange on 5 November 2003. Based on the initial conversion price of HK\$3.315, the aggregate principal amount of the Convertible Bonds of US\$150 million (approximately HK\$1,170 million) are convertible into 352,941,176 new Shares representing approximately 9.10% of the existing issued share capital of the Company and approximately 8.34% of the issued share capital of the Company as enlarged by the issue of Shares to be issued upon conversion of the Convertible Bonds. The conversion price will be subject to adjustment as provided in the Terms and Conditions of the Convertible Bonds.

Assuming that all the Convertible Bonds are fully converted, the changes to the shareholding structure of the Company upon the issue of the Convertible Bonds are set out below:

	As at the Latest Practicable Date and before the issue of the Conversion Shares		After the issue of the Conversion Shares in full	
	No. of Shares	%	No. of Shares	%
Easterhouse	952,683,363	24.57	952,683,363	22.52
Romefield	476,341,182	12.28	476,341,182	11.26
Cranwood	24,683,363	0.64	24,683,363	0.58
Schumann	580,000,000	14.96	580,000,000	13.71
Handel	348,000,000	8.97	348,000,000	8.22
Sing Wang	5,898,000	0.15	5,898,000	0.14
Wang Lei Lei	300,000	0.01	300,000	0.01
Public	1,490,355,909	38.42	1,843,297,085	43.56
Total:	<u>3,878,261,817</u>	<u>100</u>	<u>4,231,202,993</u>	<u>100</u>

LETTER FROM THE BOARD

REASON FOR ISSUE OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

The net proceeds from the issue of the Convertible Bonds is expected to be approximately US\$146 million (approximately HK\$1,139 million) after deducting expenses, will be used for general corporate and general working capital of the purposes of the Group.

STOCK BORROWING

A stock borrowing agreement each dated 6 November 2003 has been entered into between Handel and each of the Joint Bookrunners. Under the terms of such borrowing agreements, Handel has lent the Joint Bookrunners an aggregate of 30,588,236 Shares (representing approximately 0.8% of the issued share capital of the Company as at the Latest Practicable Date) for a period of one year commencing on 6 November 2003. No fee will be payable to Handel for lending the Shares.

The stock loan facility is in place in order to help support the valuation of the option component of the convertible in the aftermarket and to assist the Joint Bookrunners in ensuring a liquid secondary market. Such a facility is often arranged for convertible new issuance where there is limited stock loan available in the market.

As Handel will not be receiving a fee for entering into the stock borrowing agreements and has no other interest in the issue of the Convertible Bonds, an application for waiver from the requirement to hold a general meeting was made to the Stock Exchange and granted on the basis that Handel did not have an economic interest in the issue of the Convertible Bonds and accordingly Cranwood could vote in the written resolution.

UNDERTAKING

The Company has undertaken to the Stock Exchange that it will ensure that the Directors, substantial shareholders of the Company and their respective associates will not subscribe for any of the Convertible Bonds, and that, after the issue of the Convertible Bonds, the Company will disclose to the Stock Exchange any dealings by any Directors and substantial shareholders of the Company and their respective associates from time to time in the Convertible Bonds immediately upon the Company becoming aware of such dealings.

The Company further undertakes to the Stock Exchange that it will notify the Stock Exchange of (i) any change of the Terms and Conditions of the Convertible Bonds; and (ii) any transfer of the Convertible Bonds to a connected person upon it becoming aware of such transfer.

LETTER FROM THE BOARD

EFFECT ON THE EARNINGS AND NET ASSET VALUE OF THE TOM GROUP

(a) **Earnings**

The following is the unaudited pro forma statement of adjusted consolidated net loss of the TOM Group. It is based on the unaudited net loss of the TOM Group nine months ended 30 September 2003 and adjusted to reflect the effect of interest expense for the Convertible Bonds.

	<i>HK\$'000</i>
Audited consolidated net (loss) of the TOM Group for the six months ended 30 June 2003 (<i>Note 1</i>)	(32,674)
Unaudited consolidated net profit of the TOM Group for the three months ended 30 September 2003 (<i>Note 2</i>)	<u>18,450</u>
Unaudited consolidated net (loss) of the TOM Group before interest expense for the Convertible Bonds	(14,224)
Less: Interest expense for the Convertible Bonds (<i>Note 3</i>)	<u>(4,388)</u>
Pro forma unaudited combined net (loss) of the TOM Group after interest expense for the Convertible Bonds	<u><u>(18,612)</u></u>
	<i>HK cents</i>
Unaudited consolidated net (loss) per Share of the TOM Group before interest expense for the Convertible Bonds (<i>Note 4</i>)	<u><u>(0.35)</u></u>
Unaudited pro forma combined net (loss) per Share of the TOM Group after interest expense for the Convertible Bonds: before conversion of the Convertible Bonds (<i>Note 4</i>)	<u><u>(0.45)</u></u>
upon conversion of the Convertible Bonds (<i>Note 5</i>)	<u><u>(0.42)</u></u>

Notes:

1. The audited consolidated net loss of the TOM Group for the six months ended 30 June 2003 is extracted from the Accountants' Report of the TOM Group disclosed in the circular relating to the acquisition of Puccini International Limited dated 3 November 2003 (the "Puccini Acquisition Circular").
2. The unaudited consolidated net profit of the TOM Group for the three months ended 30 September 2003 is extracted from the TOM Group's third quarterly report dated 13 November 2003.
3. It represents nine months interest expense for the Convertible Bonds assuming that the Convertible Bonds had been issued on 1 January 2003. The interest rate is 0.5% per annum on the aggregate principal amount of US\$150 million (approximately to HK\$1,170 million) of the Convertible Bonds (assuming the Option is not exercised), payable semi-annually in arrear on 28 May and 28 November in each year commencing 28 May 2004 up to but excluding the Maturity Date.

LETTER FROM THE BOARD

4. Unaudited pro forma combined net loss per Share of the TOM Group both before and after interest expense for Convertible Bonds but before the conversion of the Convertible Bonds are calculated on the basis of 3,878,261,817 Shares in issue as at the Latest Practicable Date and after taking into consideration of 225,000,000 Shares to be allotted for the acquisition of Puccini International Limited as disclosed in the Puccini Acquisition Circular.
5. Unaudited pro forma combined net loss per Share of the TOM Group after the interest expense and conversion of the Convertible Bonds are calculated on the basis of 3,878,261,817 Shares as at the Latest Practicable Date, after taking into consideration of 225,000,000 Shares to be allotted for the acquisition of Puccini International Limited as disclosed in the Puccini Acquisition Circular and further taking into consideration of 352,941,176 Shares to be allotted for conversion of the Convertible Bonds, assuming that the Conversion Price is HK\$3.315.

(b) Net Asset Value

The following is the unaudited pro forma statement of the adjusted combined net assets of the TOM Group. It is based on the unaudited net assets of the TOM Group as at 30 September 2003, adjusted to reflect certain event which has been taken place since 30 September 2003 and the effect of the acquisitions announced by TOM, including Puccini Acquisition and the issue of the Convertible Bonds.

	<i>HK\$'000</i>
Audited net assets of the TOM Group as at 30 June 2003 (<i>Note 1</i>)	332,410
Allotment of Shares pursuant to the share placing and subscription agreements (<i>Note 2</i>)	996,270
Allotment of Shares relating to acquisition of subsidiaries (<i>Note 3</i>)	238,686
Unaudited consolidated net profit of the TOM Group for the three months ended 30 September 2003 (<i>Note 4</i>)	18,450
Unaudited movement of reserves of the TOM Group for the three months ended 30 September 2003 (<i>Note 5</i>)	21,436
The Acquisition completed prior to Latest Practicable Date (<i>Note 6</i>)	
Audited net tangible assets of Puccini as at 30 June 2003 attributable to the TOM Group (<i>Note 6</i>)	7,213
Consideration payable for the Puccini Acquisition (<i>Note 7</i>)	(1,176,000)
Allotment of Shares relating to the Puccini Acquisition (<i>Note 7</i>)	585,000
	(583,787)
<i>The Other Acquisition announced prior to the Latest Practicable Date (Note 8)</i>	
Unaudited net tangible assets of the Other Acquisition as at 30 June 2003, attributable to the TOM Group	13,630
Consideration payable for the Other Acquisition	(25,030)
	(11,400)
Add : Goodwill arising from the Puccini Acquisition (<i>Note 9</i>)	1,168,787
Goodwill arising from the Other Acquisition (<i>Note 9</i>)	11,400
	1,180,187

LETTER FROM THE BOARD

HK\$'000

Unaudited pro forma adjusted combined net asset value of the TOM Group immediately following completion of Puccini Acquisition and Other Acquisition but before issue of the Convertible Bonds	2,192,252
Net proceeds from the issue of the Convertible Bonds (<i>Note 10</i>)	1,138,800
Increase in liability upon issue of the Convertible Bonds (<i>Note 10</i>)	<u>(1,170,000)</u>
Unaudited pro forma adjusted combined net asset value of the TOM Group immediately after issue of the Convertible Bonds	<u>2,161,052</u>
Decrease in liability assuming conversion of the Convertible Bonds immediately after issue of the Convertible Bonds (<i>Note 11</i>)	1,170,000
Unaudited pro forma adjusted combined net asset value of the TOM Group immediately after conversion of the Convertible Bonds	<u><u>3,331,052</u></u>

HK cents

Unaudited pro forma adjusted combined net asset value per Share of the TOM Group immediately following completion of Puccini Acquisition and Other Acquisition but before issue of the Convertible Bonds (<i>Note 12</i>)	<u><u>53.43</u></u>
Unaudited pro forma adjusted net asset value per Share of the TOM Group immediately: after issue of the Convertible Bonds (<i>Note 12</i>)	<u><u>52.67</u></u>
upon conversion of the Convertible Bonds (<i>Note 13</i>)	<u><u>74.75</u></u>

Notes:

1. The audited consolidated net assets of the TOM Group is extracted from Accountants' Report on the TOM Group as at 30 June 2003 disclosed in the Puccini Acquisition Circular.
2. This represents the placing and allotment of 450,000,000 Shares pursuant to the share placing and subscription agreements announced on 3 July 2003. The completion of the placing and subscription took place on 7 July 2003 and 8 July 2003, respectively.
3. This represents the issue and allotment of 82,225,173 Shares in aggregate towards the settlement of the consideration payable in respect of the acquisitions made prior to 30 September 2003. The allotment of Shares relating to acquisition of the following 10 subsidiaries: Beijing Redsail Netlegend Data Network Technology Company Limited, China Entertainment Television Broadcast Limited, Cité Publishing Holding Limited, Henan New Tianming Advertising and Information Chuanbo Company Limited, Liaoning New Star Guangming Media Assets Company Limited, Shenyang Sano Global Media Company Limited, Xiamen Bomei Lianhe Advertising Company Limited, Sichuan Southwest Outdoor Media Company Limited, Fujian Seeout Guangming Media Advertising Company Limited and Shandong Qilu International Outdoor Media Company Limited.

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4. The unaudited consolidated net profit of the TOM Group for the three months ended 30 September 2003 is extracted from the TOM Group's third quarterly report dated 13 November 2003.
5. This represents the movement of revaluation reserve and exchange translation reserve for the three months ended 30 September 2003.
6. This represents the acquisition of 100% of the issued share capital of Puccini International Limited ("Puccini Acquisition"). The Puccini Acquisition was completed on 19 November 2003.
7. As disclosed in the Puccini Acquisition Circular, the consideration payable for Puccini Acquisition represents the cash consideration of US\$75 million (equivalent to HK\$585,000,000) and the allotment of 225,000,000 Shares at HK\$2.6 (at the marker price as disclosed in the Puccini Acquisition Circular) for the amount of US\$75 million (equivalent to HK\$585,000,000), together with the estimated expenses relating to the Puccini Acquisition of HK\$6,000,000. According to the Sale and Purchase Agreement, the consideration of the acquisition of Puccini should equal the valuation of Puccini, which is determined based on 7.7 times the audited consolidated net profit of Puccini for the year ending 31 December 2004; or in the event that the consolidated net profit of Puccini for the year ending 31 December 2004 is less than an amount equal to 1.2 times the audited consolidated net profit of Puccini for the year ending 31 December 2003, subject to a minimum of HK\$37.6 million, the consideration will then be determined based on 6 times the audited consolidated net profit of Puccini for the year ending 31 December 2004. The consideration is subject to a maximum of HK\$1,170 million and will be 50% paid in cash and 50% paid by the issue and allotment of shares of TOM Online Inc., a subsidiary of the Company, or the Company if TOM Online Inc. has not been listed before 31 December 2004. For the purpose of this Circular, the maximum amount of consideration payable of HK\$1,170 million, assuming Shares will be issued to satisfy 50% of the consideration, is used in the computation of the pro forma adjusted net assets of the TOM Group.
8. The Other Acquisition announced prior to the Latest Practicable Date represents the acquisition of 49% equity interests in Sanlian Joint Venture, which was announced on 9 September 2002 and 4 November 2003.
9. These represent the estimated goodwill arising from the Other Acquisition, representing the difference between the consideration payable of HK\$25,030,000 and the unaudited net tangible assets of the Other Acquisitions attributable to the TOM Group of HK\$13,630,000, and the Puccini Acquisition, representing the difference between the consideration payable (maximum amount payable) and other expenses of acquisition totaling HK\$1,176,000,000 and the audited net tangible assets of Puccini Group as at 30 June 2003 attributable to the TOM Group of HK\$7,213,000.
10. According to the Subscription Agreement, the Issuer will issue and the Joint Bookrunners and Co-Manager will subscribe for Convertible Bonds of the Issuer at par in an aggregate principal amount of US\$150 million (approximately HK\$1,170 million). The Convertible Bonds will be issued by the Issuer and will be unconditionally and irrevocably guaranteed by, and convertible into ordinary shares of par value HK\$0.1 each of, the Company. The Issuer has granted the Joint Bookrunners an option ("Option") to require the Issuer to issue up to a further US\$35 million (approximately HK\$273 million). The increase in liability represents the issue of Convertible Bonds of total amount of US\$150 million (approximately HK\$1,170 million), assuming the Option is not exercised. The net proceeds from the issue of the Convertible Bonds is estimated to be approximately US\$146 million (approximately HK\$1,139 million), assuming the Option is not exercised, after deducting commission and legal and professional fee.
11. This represents the conversion of the Convertible Bonds into ordinary share of par value of HK\$0.1 each of the Company, assuming at Conversion Price of HK\$3.315 per Share.
12. The unaudited pro forma adjusted combined net asset value per Share immediately following completion of the Puccini Acquisition and Other Acquisition but both before and after the issue of the Convertible Bonds are calculated on the basis of 3,878,261,817 Shares in issue as at the Latest Practicable Date and after taking into consideration of 225,000,000 Shares to be allotted for the Puccini Acquisition.
13. The unaudited pro forma adjusted combined net asset value per Share of the TOM Group immediately after conversion of the Convertible Bonds are calculated on the basis of 3,878,261,817 Shares in issue as at the Latest Practicable Date, after taking into consideration of 225,000,000 Shares to be allotted for the Puccini Acquisition as disclosed in the Puccini Acquisition Circular and further taking into consideration of 352,941,176 Shares to be allotted for conversion of the Convertible Bonds, assuming that the Conversion Price is HK\$3.315.

LETTER FROM THE BOARD

GENERAL

In light of the current low interest rate environment and widely held view that such historically low “borrowing rate” will rise in the near future, the Directors have been approached by several reputable investment banks to consider the proposed transaction. Taking into account the views of such investment banks Directors are of the opinion that it is in the Company’s best interest to raise finance now (whilst the market window exists) irrespective of whether or not a specific project has yet been indicated.

Based on the latest adjusted net assets of the Company and the application of Rule 19.18 of the GEM Listing Rules set out in the Extension Announcement, the issue of the Convertible Bonds for the principal amount of US\$150 million (approximately HK\$1,170 million) constitutes a major transaction involving the issuance of new securities by a wholly-owned subsidiary of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to shareholders’ approval. Such shareholders’ approval has been obtained from Romefield, Easterhouse and Cranwood, being the shareholders of the Company collectively holding 61.76% in nominal value of the Shares in issue as at 6 November 2003 giving the right to attend and vote at the relevant general meeting of the Company. Waiver has been obtained from the Stock Exchange from the requirement to convene a general meeting to consider and approve the issuance of the Convertible Bonds pursuant to Rule 19.41 of the GEM Listing Rules on the basis that the interest of Romefield, Easterhouse and Cranwood is the same as all the other shareholders of the Company. It will, therefore, not necessary for the Company to convene a meeting of shareholders to approve the same.

The Company will also publish details of the modified ratio calculation as described in the Extension Announcement and its application to the notifiable transactions of the Company in the next published annual report and accounts. The unaudited consolidated net assets of the Company as at 29 October 2003 as disclosed in the Company’s circular dated 3 November 2003 was approximately HK\$1,493,583,000.

The business of the TOM Group includes cross-media strategy and telecom value added services which include an Internet portal delivering internet infotainment content and services, e-commerce propositions, development of software and computer network systems, provision of related services and event production, broadband content and service provision, sports-related content, event management and advertising, web-based email service provision, outdoor media, online media businesses and publishing businesses.

INFORMATION ON THE ISSUER

The Issuer is an exempted company with limited liability incorporated under the law of the Cayman Islands (company number: CR-92999). It was established in the Cayman Islands and incorporated on 29 September 1999 as Cyber Catalyst Limited. By a special resolution passed 29 January 2001, Cyber Catalyst Limited changed its name to TOM Holdings Limited. The Issuer is a wholly-owned subsidiary of the Company.

The Issuer was established to raise financing for the Company and the TOM Group pursuant to the general objects and powers set out in its Memorandum of Association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a finance subsidiary of the Company.

LETTER FROM THE BOARD

The Directors of the Issuer are Mr. Frank Sixt, Mr. Sing Wang, Ms. Tommei Tong, Ms. Debbie Chang and Mr. Edmond Ip. None of the Directors of the Issuer holds any shares or options to acquire shares of the Issuer. The Issuer does not have any employees and has no subsidiaries.

THE PROPOSED SPIN-OFF

Following the issue by the Company of a clarification announcement on 28 August 2003 regarding a possible spin-off, the Company confirmed on 25 September 2003 that it is considering a possible spin-off of Holdco and the listing of its securities on GEM and/or Nasdaq. It is currently proposed that Holdco's business will be the provision of wireless value-added products and services, online advertising and the provision of commercial enterprise solutions. Should the spin-off proceeds, Holdco will be a Major Subsidiary of the Company at the time of the initial public offering. The Company is currently in discussion with the Stock Exchange about the regulatory requirements of the proposed spin-off of Holdco. No final decision has yet been made as to whether and when the proposal will be launched.

As any listing of Holdco Shares pursuant to the proposed spin-off are subject to, among other things, the state of the equity markets, the approvals of the Listing Committee of GEM and of Nasdaq, the relevant US regulatory process, and the final decision of the Board and the shareholders of the Company, Shareholders and other investors are reminded to exercise caution when dealing in the securities in the Company. There can also be no assurance that the proposed spin-off will proceed. A further announcement will be made in relation to the proposed spin-off if and when appropriate.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
By Order of the Board
TOM.COM LIMITED
Sing Wang
Chief Executive Officer
and
Executive Director

The following is a summary of the Trust Deed in respect of the adjustment provisions to the Conversion Price:

The Conversion Price will be subject to adjustment in certain events set out in the Trust Deed, including:

- (i) any alteration to the par value of the Shares as a result of consolidation, subdivision or reclassification;
- (ii) the issue of Shares by the Guarantor credited as fully paid to Shareholders (as defined in the Trust Deed) by way of capitalisation of profits or reserves (including any share premium account), including Shares paid up out of distributable profits or reserves and/or share premium account, other than shares paid up out of distributable profits, or reserves and/or share premium account issued in lieu of a cash dividend (a “Scrip Dividend”), being a dividend which the Shareholders concerned otherwise would have received and which would not constitute a Capital Distribution (as defined below);
- (iii) the payment or making of a Capital Distribution by the Guarantor to the Shareholders (except where the Conversion Price falls to be adjusted under sub-paragraph (ii) above);
- (iv) the issue of Shares to all or substantially all Shareholders as a class by the Guarantor by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the Current Market Price (as defined below) per Share on the last Trading Day preceding the date of the announcement of the terms of such issue or grant;
- (v) the issue of any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by the Guarantor, by way of rights, or the grant to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares);
- (vi) the issue (otherwise than as mentioned in sub-paragraph (iv) above) by the Guarantor wholly for cash of any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise as mentioned in sub-paragraph (iv) above) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue;
- (vii) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph (vii), the issue wholly for cash by the Guarantor or any of its subsidiaries (otherwise than as mentioned in sub-paragraph (iv), (v) or (vi) above) or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary) any other company, person or entity of any securities (other than the

Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities;

- (viii) any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in sub-paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95% of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification;
- (ix) the issue, sale or distribution by or on behalf of the Guarantor or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Guarantor or any Subsidiary or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under any of sub-paragraphs (iv), (v), (vi) and (vii) above); and
- (x) if the Guarantor determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Appendix I even if the relevant event or circumstance is specifically excluded from the operation of the sub-paragraphs (i) to (ix) of this Appendix I, the Guarantor shall at its own expense request its auditors to determine (acting as experts) as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination,

provided that where the circumstances giving rise to any adjustment pursuant to this Appendix I have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Appendix I as may be advised by the Auditors (as defined in the Trust Deed) to be in their opinion appropriate to give the intended result.

For the purposes of the Appendix I:

- (1) “Alternative Stock Exchange” means at any time, in the case of the Shares, if they are not at that time listed and traded on GEM, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

- (2) “Capital Distribution” means
- (a) any distribution of assets in specie charged or provided or to be provided for in the accounts of the Guarantor for any financial period (whenever paid or made and however described) but excluding a distribution of assets in specie in lieu of, and to a value not exceeding, a cash dividend which would not constitute an Extraordinary Dividend under (b) below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid-up (other than Shares credited as fully paid) by way of capitalisation of reserves); and/or
 - (b) any cash dividend or distribution of any kind charged or provided or to be provided for in the accounts of the Guarantor (whenever paid or made and howsoever described) in circumstances where the Total Current Dividend equals or exceeds, on a per Share basis, 4 per cent of the closing price of the Shares as derived from GEM’s daily quotation sheet which is available at the GEM’s website of www.hkgem.com (the “Daily Quotation Sheet”) or the equivalent quotation sheets of an Alternative Stock Exchange on the last Trading Day prior to the date of the announcement of such dividend (for the avoidance of doubt, only the excess over 4 per cent shall be treated as a “Capital Distribution”), such excess constituting the “Extraordinary Dividend”; for which purposes “Total Current Dividend” means any and all cash dividends or other distributions charged or provided for in the accounts of the Guarantor, prior to the deduction of any withholding tax and any corporate tax attributable to that dividend, in the period starting from the beginning of the fiscal year in which the record date set for the dividend that may result in an adjustment falls and ending on and including that record date (including the dividend that may result in an adjustment), other than any dividend or portion thereof which previously resulted in an adjustment under this Appendix I.

A purchase or redemption of share capital by the Guarantor shall not constitute a Capital Distribution or be taken into account in determining whether any other dividend or distribution shall constitute a Capital Distribution unless in the case of purchase of Shares by the Guarantor, the average price per Share (before expenses) on any one day in respect of such purchases exceeds by more than 5 per cent of the Current Market Price per Share either (i) on that date; or (ii) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a Capital Distribution in the amount of the aggregate price paid (before expenses) in respect of such Shares purchased by the Guarantor.

- (3) “Closing Price” for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

- (4) “Current Market Price” means in respect of a Share at a particular date the average of the closing prices published in the Daily Quotation Sheet or the equivalent quotations sheet of an Alternative Stock Exchange for one Share (being a Share carrying full entitlement to dividend) for the five consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said five Trading Days period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:
- (a) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or
 - (b) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the amount of that dividend per Share;

and provided further that if the Shares on each of the said five Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

- (5) “Trading Day” means a day when GEM, or as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no closing price is reported in respect of the relevant Shares on GEM or, as the case may be the Alternative Stock Exchange, for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

On any adjustment, the relevant Conversion Price shall be rounded down to the nearest one hundredth of a Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with the Terms and Conditions as soon as practicable after the determination thereof.

The Conversion Price may not be reduced below the par value of the Shares.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an independent investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed) the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by the Auditors to be in their opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Guarantor or any Subsidiary of the Guarantor pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the GEM Listing Rules or, if applicable, those of an Alternative Stock Exchange).

If any doubt shall arise as to the appropriate adjustment to the Conversion Price, a certificate or a report of the Auditors, acting as experts, shall in the absence of manifest error be conclusive and binding on all parties.

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in sub-paragraph (i) of this Appendix I above.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company 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 Rules 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in Shares

Name of Directors	Capacity	Number of Shares				Total	Approximate percentage of shareholding
		Personal interests	Family interests	Corporate interests	Other interests		
Sing Wang (Note 1)	Interest of a controlled corporation	–	–	5,898,000 (Note 2)	–	5,898,000	0.15%
Wang Lei Lei	Beneficial owner	300,000	–	–	–	300,000	0.01%

Notes:

1. By virtue of the SFO, Mr. Sing Wang is deemed to be interested in 5,898,000 Shares held by Amerinvest Technology Associates I Limited, which is wholly-owned by him.
2. All the 5,898,000 Shares have been pledged as a security against his personal loan.

(b) Rights to acquire Shares

Pursuant to the Pre-IPO Share Option Plan and/or the Share Option Scheme, certain Directors were granted share options to subscribe for Shares, details of which as at the Latest Practicable Date were as follows:

Name of Directors	Date of grant	Number of share options outstanding as at the Latest Practicable Date	Option period	Subscription price per Share 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
	9/10/2003	38,000,000	9/10/2003 – 8/10/2013	2.505
Tommei Tong	9/10/2003	15,000,000	9/10/2003 – 8/10/2013	2.505
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
	9/10/2003	6,850,000	9/10/2003 – 8/10/2013	2.505

(c) Short positions in associated corporations

Mr. Wang Lei Lei has as of 12 June 2001 (as supplemented on 26 September 2003) granted an option to a wholly-owned subsidiary of the Company in respect of his 20% (RMB2,200,000) equity interest in Beijing Lei Ting Wan Jun Network Technology Limited (北京雷霆萬鈞網絡科技有限責任公司) (“雷霆萬鈞”) whereby such wholly-owned subsidiary of the Company has the right at any time within a period of 10 years commencing from 26 September 2003 (which may be extended for another 10 years at the option of such wholly-owned subsidiary of the Company) to acquire all of Mr. Wang Lei Lei’s equity interest in 雷霆萬鈞 at an exercise price of RMB2,200,000.

Mr. Wang Lei Lei has also as of 19 November 2003 granted an option to a wholly-owned subsidiary of the Company in respect of his 80% (RMB800,000) equity interest in Beijing Leitingwuji Network Technology Company Limited (北京雷霆無極網絡科技有限公司) (“LTWJi”) whereby such wholly-owned subsidiary of the Company has the right at any time within a period of 10 years commencing from 19 November 2003 (which may be extended for another 10 years at the option of such wholly-owned subsidiary of the Company) to acquire all of Mr. Wang Lei Lei’s equity interest in LTWJi at an exercise price of RMB800,000.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company 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 Rules 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

3. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the persons/companies (not being a Director or chief executive of the Company) who have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Name of shareholders	Capacity	No. of Shares held	Approximate percentage of shareholding
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	1,429,024,545 (Notes 1 & 2)	36.85%
Li Ka-Shing Unity Trustee Corporation Limited (as trustee of The Li Ka-Shing Unity Discretionary Trust)	Trustee & beneficiary of a trust	1,429,024,545 (Notes 1 & 2)	36.85%
Li Ka-Shing Unity Trustcorp Limited (as trustee of another discretionary trust)	Trustee & beneficiary of a trust	1,429,024,545 (Notes 1 & 2)	36.85%
Li Ka-Shing Unity Trustee Company Limited (as trustee of The Li Ka-Shing Unity Trust)	Trustee	1,429,024,545 (Notes 1 & 2)	36.85%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	1,429,024,545 (Notes 1 & 2)	36.85%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (Note 1)	12.28%

Name of shareholders	Capacity	No. of Shares held	Approximate percentage of shareholding
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (Note 1)	12.28%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (Note 1)	12.28%
Romefield Limited	Beneficial owner	476,341,182 (Note 1)	12.28%
Hutchison Whampoa Limited	Interest of a controlled corporation	952,683,363 (Note 2)	24.57%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (Note 2)	24.57%
Easterhouse Limited	Beneficial owner	952,683,363 (Note 2)	24.57%
Chau Hoi Shuen	Interest of controlled corporations	952,683,363 (Note 3)	24.57%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	952,683,363 (Note 3)	24.57%
Schumann International Limited	Beneficial owner	580,000,000 (Note 3)	14.96%
Handel International Limited	Beneficial owner	348,000,000 (Notes 3 & 4)	8.97%

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 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 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 be 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 and 952,683,363 Shares 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 and 348,000,000 Shares held by Schumann International Limited and Handel International Limited respectively in addition to 24,683,363 Shares held by itself.

By virtue of the SFO, Ms. Chau Hoi Shuen is deemed to be interested in 24,683,363 Shares, 580,000,000 Shares and 348,000,000 Shares held by Cranwood Company Limited, Schumann International Limited and Handel International Limited respectively.

- (4) Pursuant to the stock borrowing agreements each dated 6 November 2003, Handel International Limited has lent an aggregate of 30,588,236 Shares to the Joint Bookrunners.

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following companies/persons were interested in 10% or more of the equity/shareholding interests of the subsidiaries of the Company:

Name of subsidiaries	Name of shareholders	No. and class of shares held	Percentage of Shareholding
Y.C. Press Advertising Limited	Fung’s Advertising Limited	600 ordinary shares	10%
Y.C. Press Advertising Limited	Yangcheng Enterprise Limited	1,200 ordinary shares	20%
YCP Advertising Limited	Fung’s Advertising Limited	1 ordinary share	10%
YCP Advertising Limited	Yangcheng Enterprise Limited	2 ordinary shares	20%

Name of subsidiaries	Name of shareholders	No. and class of shares held	Percentage of Shareholding
Beijing GreaTom United Technology Co. Ltd.	Great Wall Technology Company Ltd.	Registered capital RMB2,500,000	10%
廣東羊城報業廣告有限公司	羊城晚報經濟發展總公司	Registered capital RMB396,000	20%
廣東羊城報業廣告有限公司	Zhong Hai Qiang	Registered capital RMB198,000	10%
廣東羊城報業體育發展有限公司	羊城晚報經濟發展總公司	Registered capital RMB1,000,000	20%
廣東羊城報業體育發展有限公司	Zhong Hai Qiang	Registered capital RMB500,000	10%
廣東羊城廣告有限公司	羊城晚報經濟發展總公司	Registered capital RMB1,000,000	20%
廣東羊城廣告有限公司	Zhong Hai Qiang	Registered capital RMB500,000	10%
Perfect Team Limited	China Media Network (BVI) Limited	1,400,000 ordinary shares	35%
Yazhou Zhoukan Holdings Limited	Skyland International Investment Limited	5,000 ordinary shares	50%
Cernet Information Technology Company Limited	賽爾網絡有限公司	Registered capital RMB29,400,000	49%
Nong Nong Magazine Co., Ltd.	Barbizon Interculture Publication Co., Ltd.	50,000 ordinary shares	20%
Panasia Publishing Co., Ltd.	Mariz Gestao E Investimentos Limitada	700,000 ordinary shares	35%
Tennis Management Limited	Spectrum International Holding Limited	40 ordinary shares	40%
Shandong Qilu International Outdoor Media Company Limited	Jinan Qilu Xinjiye Advertising Company Limited	Registered capital RMB4,400,000	40%

Name of subsidiaries	Name of shareholders	No. and class of shares held	Percentage of Shareholding
Liaoning New Star Guangming Media Assets Company Limited	New Star Prosperity Advertising Company Limited	Registered capital RMB4,000,000	40%
Shenyang Sano Global Media Company Limited	Shenyang Sano Jinxiang Advertising Co., Ltd.	Registered capital RMB1,200,000	40%
Xiamen Bomei Lianhe Advertising Company Limited	Xiamen Bomei Advertising Company Limited	Registered capital RMB600,000	40%
Henan New Tianming Advertising & Information Chuanbo Company Limited	Beijing Tianming International Investment Management Company Limited	Registered capital RMB3,000,000	50%
Qingdao Chunyu Advertising Chuanbo Company Limited	Qingdao Chunyu Advertising and Décor Construction Company Limited	Registered capital RMB450,000	30%
Sichuan Southwest Outdoor Media Company Limited	Sichuan Southwest International Advertising Company	Registered capital RMB900,000	30%
Fujian Seeout Guangming Media Advertising Company Limited	Fujian Seeout Outdoor Advertising Company Limited	Registered capital RMB1,500,000	30%
CNPIT TOM Culture Company Limited	中圖信息技術有限公司	Registered capital RMB1,500,000	30%
廣州市鴻翔音像製作有限公司	Zhang Hongcheng (alias Zhang Baocheng)	Registered capital RMB400,000	50%
廣州鴻翔音像有限公司	廣州市鴻翔影視有限公司	Registered capital RMB690,000	50%
Hong Xiang Entertainment (Hong Kong) Co. Limited	Zhang Hongcheng (alias Zhang Baocheng)	1 ordinary share	50%
China Entertainment Television Broadcast Limited	Turner Broadcasting System Asia Pacific, Inc.	10,778 ordinary shares	35.93%

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the TOM Group.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Frank Sixt and Mrs. Susan Chow, the Chairman of the Company and a non-executive Director respectively, are executive directors of Hutchison Whampoa Limited ("HWL") and directors of certain of its associates (collectively referred to as "HWL Group"). Mr. Frank Sixt is also a non-executive director of Cheung Kong (Holdings) Limited ("CKH"). Mr. Edmond Ip, a non-executive Director, 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 TOM Group.

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

5. OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, options to subscribe for an aggregate of 202,623,000 Shares granted pursuant to the Pre-IPO Share Option Plan and the Share Option Scheme were outstanding. Details of which are as follows:

(1) Pre-IPO Share Option Plan

As at the Latest Practicable Date, options to subscribe for an aggregate of 16,196,000 Shares at a subscription price of HK\$1.78 per Share were outstanding. These options were granted to 3 persons who are employees of the TOM Group at the date of grant. All of these options have a duration of 10 years from 11 February 2000, but shall lapse where the grantee ceases to be employed by the TOM Group or the HWL group of companies.

(2) Share Option Scheme

Options to subscribe for an aggregate of 186,427,000 Shares (which includes the options granted to Mr. Sing Wang, Ms. Tommei Tong, Mr. James Sha and Mr. Wang Lei Lei as disclosed above) were outstanding as at the Latest Practicable Date, breakdown of which are set out below:

Date of grant	No. of share options	No. of employees	Subscription price per Share HK\$	Option period* (commencing from date of grant and terminating ten years thereafter)
23/3/2000	2,672,000	63	11.30	23/3/2000 – 22/3/2010
31/5/2000	2,332,000	1	4.685	31/5/2000 – 30/5/2010
26/6/2000	1,192,000	34	5.89	26/6/2000 – 25/6/2010
30/6/2000	3,000,000	1	5.27	30/6/2000 – 29/6/2010
8/8/2000	18,180,000	152	5.30	8/8/2000 – 7/8/2010
15/11/2000	15,000,000	1	5.30	15/11/2000 – 14/11/2010
7/2/2002	37,810,000	8	3.76	7/2/2002 – 6/2/2012
9/10/2003	106,241,000	56	2.505	9/10/2003 – 8/10/2013

* Those options that have been vested may be exercised within the option period, unless they have been cancelled. Generally, the options are vested in different tranches (some of which are conditional).

6. INDEBTEDNESS**Borrowings**

As at the close of business on 30 September 2003, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the TOM Group had total outstanding borrowings of approximately HK\$884,291,000, comprising unsecured loans from substantial shareholders of the Company of HK\$850,000,000, unsecured bank and other borrowings of HK\$11,269,000 and secured bank and other borrowings of HK\$23,022,000. The TOM Group's secured bank borrowings were secured by charges on the bank deposits and certain assets of the TOM Group.

Contingent liabilities

As at 30 September 2003, the TOM Group had contingent liabilities amounting to approximately HK\$9,400,000 in respect of the provision of fixed deposits as securities of bank loans granted to an investee company in which the TOM Group has 50% equity interest.

Capital commitments

As at 30 September 2003, the TOM Group had capital commitments in respect of acquisition of fixed assets and other non-current assets amounting to approximately HK\$151,124,000.

As at 30 September 2003, the TOM Group had capital commitments in respect of contributions to the registered capital of certain investments amounting to approximately HK\$46,530,000.

Pledge of assets

As at 30 September 2003, bank deposits and cash totalling approximately HK\$25,249,000 were pledged to banks for securing banking facilities granted to the TOM Group and an investee company.

As at 30 September 2003, concession rights and property at net book value of HK\$5,912,000 and HK\$818,000 respectively were pledged to banks for securing banking facilities granted to the TOM Group.

Disclaimer

Save as disclosed herein and apart from intra-group liabilities and normal trade payables in the ordinary course of business of the TOM Group, the TOM Group did not have any outstanding charges or bank overdrafts, loans and other similar indebtedness or acceptance of credits or hire purchase commitments or any guarantees or other material contingent liabilities as at the close of business on 30 September 2003.

Save as disclosed above, the Directors have confirmed that there has not been any material adverse change in the indebtedness and contingent liabilities of the TOM Group since 30 September 2003.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30 September 2003.

7. WORKING CAPITAL

Taking into account the financial resources available to the TOM Group, including internally generated funds, the available banking facilities and loans from the substantial shareholders of the Company, in the absence of unforeseen circumstances, the Directors are of the opinion that the TOM Group will have sufficient working capital for its present requirements.

8. MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, the Directors are not aware of any material adverse change in the financial or trading position of the TOM Group since 31 December 2002, the date to which the latest published audited accounts of the TOM Group were made up.

9. LITIGATION

No member of the TOM Group is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the TOM Group.

10. SERVICES CONTRACTS

Each of Mr. Sing Wang and Ms. Tommei Tong, being all the executive Directors and Mr. Wang Lei Lei, being a non-executive Director, has entered into a continuous service contract with the TOM Group commencing from 1 June 2000 in the case of Mr. Sing Wang, 17 March 2003 in the case of Ms. Tommei Tong, and 1 January 2000 in the case of Mr. Wang Lei Lei (prior to his appointment as a Director, he was and still continues to be an employee of the TOM Group). The terms of each contract are continuous unless terminated by not less than three months' notice in writing served by either party on the other. Each of these Directors is entitled to the basic salary set out below (subject to review in December of each year). In addition, the above Directors are also entitled to a management bonus payable in December of each year at the discretion of the Board. Neither of the above Directors is entitled to vote on board resolutions in relation to any management bonus payable to him or her. The current basic annual salaries of the above Directors are as follows:

	<i>HK\$</i>
Sing Wang	2,768,016
Tommei Tong	1,502,040
Wang Lei Lei	1,053,919

Save as disclosed above, none of the Directors has entered into any service agreements with any member of the TOM Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

11. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by the TOM Group within two years preceding the Latest Practicable Date or may be material:

1. A share purchase agreement dated 6 December 2001 entered into between Barbizon Interculture Publication Co., Ltd. ("BIP") and Nong Nong Magazine Co., Ltd. ("NNM") in respect of the acquisition of 200,000 shares of Panasia Publishing Co., Ltd. By BIP from NNM.
2. A deed of novation dated 6 December 2001 entered into between York Island (Guangzhou) Limited ("YIG") as assignor, Perfect Team Limited ("Perfect Team") as assignee and TOM Centro Limited ("TOM Centro") as creditor to novate all obligations of YIG in respect of the aggregate outstanding principal amount of the first loan deed and the second loan deed, and all interest accrued thereon up to and including the date of completion of the transactions contemplated under (a) a first loan deed dated 8 June 2001 entered into between TOM Centro, ADV Group Limited ("ADV"), China Media Network (BVI) Limited ("China Media"), YIG and Capital Standard Management Limited ("Capital"); (b) a second loan deed dated 26 June 2001 entered into between TOM Centro, ADV, China Media, YIG and Capital; and (c) the subscription agreement dated 20 August 2001 entered into between Perfect Team, TOM Centro, China Media and ADV be transferred and novated to Perfect Team at completion.

3. A facility letter dated 10 December 2001 to the Company from Smart Smith Limited (“SSL”) under which SSL advanced a shareholder’s loan to the Company.
4. A facility letter dated 10 December 2001 to the Company from Cranwood under which Cranwood advanced a shareholder’s loan to the Company.
5. A facility letter dated 10 December 2001 to the Company from Timor International Limited (“TIL”) under which TIL advanced a shareholder’s loan to the Company.
6. A stock purchase agreement dated 11 December 2001 (“BW Stock Purchase Agreement”) entered into between Diamond Profits Limited (“Diamond”), James Jin, Kuo Ting Yu, Wen Jing Wang, persons named in Schedule 1A of the BW Stock Purchase Agreement, persons named in Schedule 1B of the BW Stock Purchase Agreement, Business Weekly Publishing Inc. (“Business Weekly”) and TOM.COM INTERNATIONAL LIMITED (“TOM International”) pursuant to which Diamond intends to purchase 100% interest of Business Weekly.
7. A share sale and purchase agreement dated 14 December 2001 entered into between 中國國際旅行社總社 (“CITSHO”), CTN Holdings Limited (“CTN Holdings”), Super Travel Limited (“Super Travel”), 廣東華達康投資有限公司 (“Hua Da Kang”), Guangdong Suntek Information Industrial Co., Ltd. (“Suntek”), 廣州新嶸信息產業有限公司 (“Xinrong”), Beijing Planet Network Travel Information Technology Limited (“Beijing Planet”) and China Travel Network Company Limited (“CTN”) whereby Super Travel shall acquire 45% of the entire issue shares in Blue Quartz Limited (“Blue Quartz”) from CTN Holdings and Beijing Planet shall acquire the entire registered capital of CTN.
8. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and 商周投資股份有限公司 (“BW Investment”) in respect of the acquisition of 5,995,000 shares of 商周數位股份有限公司 by BW Investment.
9. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 4,791,667 shares of 生活情報媒體事業股份有限公司 by BW Investment.
10. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 4,961,354 shares of 商智文化事業股份有限公司 by BW Investment.
11. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 3,999,754 shares of 商周線上股份有限公司 by BW Investment.
12. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 5,000,000 shares of 網路家庭投資開發股份有限公司 by BW Investment.

13. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 1,307,254 shares of 網路家庭國際資訊股份有限公司 by BW Investment.
14. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 847,200 shares of 逐鹿網股份有限公司 by BW Investment.
15. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 200,000 shares of 健康家庭文化事業股份有限公司 by BW Investment.
16. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 50,000 shares of 時達科技管理顧問股份有限公司 by BW Investment.
17. A share purchase agreement dated 15 December 2001 entered into between Business Weekly and BW Investment in respect of the acquisition of 999,000 shares of 台商股份有限公司 by BW Investment.
18. A loan agreement dated 28 December 2001 between Lahiji Vale Limited (“Lahiji”) and Mr. Wang Lei Lei whereby Lahiji agreed to grant a loan to Mr. Wang Lei Lei for general working capital of 雷霆萬鈞.
19. A loan agreement dated 28 December 2001 between Lahiji and Ms. Wang Xiu Ling (“Ms. Wang”) whereby Lahiji agreed to grant a loan to Ms. Wang for general working capital of 雷霆萬鈞.
20. A share pledge agreement dated 28 December 2001 entered into between Lahiji and Mr. Wang Lei Lei whereby Mr. Wang Lei Lei agreed to pledge his entire equity interest in 雷霆萬鈞 to Lahiji.
21. A share pledge agreement dated 28 December 2001 entered into between Lahiji and Ms. Wang whereby Ms. Wang agreed to pledge her entire equity interest in 雷霆萬鈞 to Lahiji.
22. A sole exclusive right to purchase shares agreement dated 28 December 2001 entered into among others, Lahiji, Mr. Wang Lei Lei and Ms. Wang in relation to the sole exclusive right for Lahiji to purchase entire equity interest of 雷霆萬鈞.
23. An agreement dated 31 December 2001 entered into between Shanghai Maya Audio Company Limited (“Maya Audio”), 上海美亞投資有限公司 (“美亞投資”) and T Advertising Limited (“T Advertising”) in relation to the transfer of shares in Shanghai Maya Cultural Transmission Company Limited (“Maya Cultural”) whereby T Advertising agreed to acquire a 50% equity interest (40% equity interest from Maya Audio and 10% equity interest from 美亞投資), which supplements a share transfer agreement dated 18 April 2001 and a supplemental agreement dated 23 July 2001, both entered into between the same parties.

24. A settlement agreement entered into between BNI Business Network Corporation (“BNI”), Beijing Business News International Information Co., Mr. Jan Hung-Tze and Home Media Group Limited (“HMG”) in 2002.
25. A deed of surrender dated 2 January 2002 entered into between TOM International, The Center (47) Limited and The Center (48) Limited whereby TOM International surrendered all those offices nos. 4710 to 4713 (both inclusive), 47th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong.
26. A loan agreement dated 7 January 2002 entered into between Laurstinus Limited (“Laurstinus”) and Beijing Super Channel Network Limited (“Beijing Super Channel”) whereby Laurstinus advanced to Beijing Super Channel a certain sum.
27. An addendum dated 18 January 2002 entered into between persons named in Schedule A to the addendum being holders of shares in Business Weekly (“BW Shares”), Diamond, TOM International, James Jin, Kuo Ting Yu, Wen Jing Wang, persons named in schedule 1A of the BW Stock Purchase Agreement and persons named in schedule 1B of the BW Stock Purchase Agreement.
28. A framework agreement dated 28 January 2002 entered into between Qingdao Chunyu Advertising and Décor Construction Company Limited (“Chunyu”), Ou-yang Gang (“Mr. Ou-yang”) and TOM Outdoor Media Group Limited (“TOM OMG”) whereby TOM OMG agreed to acquire 70% of the equity interest in Qingdao Chunyu Advertising Chuanbo Company Limited (“Chunyu Advertising”), as amended by the supplemental agreements dated 27 September 2002 and 20 December 2002 respectively entered into between the same parties.
29. A framework agreement dated 1 February 2002 entered into between Qilu International Advertising Company Limited (“Qilu”), Jinan Qilu Xinjiye Outdoor Advertising Company Limited (“Jinan Qilu”), Meng Xian-wei and TOM OMG whereby TOM OMG has agreed to acquire 60% of the equity interest in Shandong Qilu International Outdoor Media Company Limited (“Qilu Media”), as amended by the supplemental agreements dated 27 September 2002 and 20 December 2002 respectively entered into between the same parties.
30. A deed of termination dated 7 February 2002 entered into between CTN Holdings, Super Travel and Blue Quartz whereby the parties agreed to terminate the shareholders agreement dated 4 October 1999 entered into between the parties and to release each party from all obligations owed to the other parties under such shareholders agreement upon the terms and conditions set out in the deed of termination.
31. A non-competition and confidentiality deed dated 7 February 2002 entered into between Blue Quartz, CTN, W.T. Consolid Investment Holdings Limited, Suntek and Super Travel relating to a share sale and purchase agreement dated 14 December 2001 and an equity transfer contract dated 11 November 2001.

32. A framework agreement dated 28 February 2002 entered into between New Star Prosperity Advertising Company Limited (“New Star”), Li Pei-an, Wang Bing-bing and TOM OMG whereby TOM OMG has agreed to acquire 60% of the equity interest in Liaoning New Star Guangming Media Assets Company Limited (“New Star Media”), as amended by the supplemental agreements dated 27 September 2002 and 20 December 2002 respectively entered into between the same parties.
33. A framework agreement dated 5 March 2002 entered into between TOM Solutions Limited (“TOM Solutions”), Zhang Bao-cheng (“Mr. Zhang”) whereby TOM Solutions has agreed to acquire 50% of the equity interest in a sino-foreign joint venture enterprise to be established in the PRC by Mr. Zhang, as amended by a supplemental agreement dated 27 December 2002 and 30 June 2003.
34. A loan agreement dated 8 March 2002 entered into between Beijing Super Channel and Laurstinus whereby Laurstinus advanced a certain sum to Beijing Super Channel.
35. A framework agreement dated 13 March 2002 entered into between TOM OMG, Henan Tianming Advertising Company Limited (“Tianming”) and Jiang Ming whereby TOM OMG has agreed to acquire 50% of the equity interest in Henan New Tianming Advertising & Information Chuanbo Company Limited (“Tianming Advertising”), as amended by the supplemental agreements dated 29 November 2002, 20 December 2002 and 23 July 2003 respectively entered into between the same parties.
36. A loan agreement dated 27 March 2002 entered into between Aztec Technology (Club) Limited (“Aztec”), SoftChina Limited (“SoftChina”) and Texcept Limited (“Texcept”) whereby SoftChina agreed to provide security for a short term loan facility to be granted by Texcept to Aztec.
37. A first fixed and floating charge over assets of Aztec dated 27 March 2002 entered into between Aztec as borrower and Texcept as lender whereby Texcept agreed to grant a short term loan facility to Aztec conditional upon (inter alia) entering into the first fixed and floating charge.
38. An assignment of rental deposits dated 27 March 2002 entered into between Aztec, SoftChina and Texcept whereby Aztec as 1st assignor together with and SoftChina as 2nd assignor agreed to assign the rental deposits in favour of Texcept as security for the short term loan facility advanced under the loan agreement dated 27 March 2002.
39. A loan agreement dated 10 April 2002 entered into between TOM OMG, Chunyu and Mr. Ou-yang whereby TOM OMG agreed to advance a certain sum to Mr. Ou-yang.
40. A share pledge agreement dated 10 April 2002 entered into between 深圳市新飛訊能廣告有限公司 (“新飛訊能廣告”), 青島春雨實業有限公司 and Mr. Ou-yang pursuant to which 青島春雨實業有限公司 and Mr. Ou-yang agreed to charge their 60% and 20% respective equity interest in Chunyu to 新飛訊能廣告 in consideration of the loan advanced pursuant to the loan agreement dated 10 April 2002.

41. A supplemental agreement dated 16 May 2002 entered into between Marie Claire Album S.A. (“MCA”), Societe D’information Et De Creations SARL (“SIC”), BIP, NNM, the Company, Business Weekly and Diamond which supplements the shareholders’ agreement dated 8 November 2000 entered into between MCA, SIC, BIP, NNM and Business Weekly relating to Asia Press Publishing Co., Ltd. (formerly known as Interasia Publishing Co., Ltd.).
42. A share pledge agreement dated 1 June 2002 entered into between 新飛訊能廣告 and Mr. Wang Cheng-cheng whereby Mr. Wang Cheng-cheng agreed to pledge his 80% equity interest in Sano Jinxiang Advertising Company Limited (“Sano”) to 新飛訊能廣告.
43. A loan agreement dated 1 June 2002 between TOM OMG, Mr. Wang Cheng-cheng and Sano whereby TOM OMG agreed to advance a certain sum to Mr. Wang Cheng-cheng.
44. A supplemental shareholders’ agreement dated 3 June 2002 entered into between AA Stocks International Limited (“AA Stocks”), All Asia Financial LLC (“All Asia”), TOM Stocks Limited (“TOM Stocks”), Westport Financial LLC (“Westport”) and MKT Holdings (Cayman Islands) Limited (“MKT”) whereby the parties agreed to amend the shareholders’ agreement dated 28 April 2000.
45. A framework agreement dated 21 June 2002 entered into between TOM OMG, Sano, and Mr. Wang Cheng-cheng whereby TOM OMG has agreed to acquire 60% of the equity interest in Shenyang Sano Global Media Company Limited (“Sano Media”), as amended by a supplemental agreement dated 20 December 2002 entered into between the same parties.
46. A framework agreement dated 26 June 2002 entered into between TOM OMG, Xiamen Bomei Advertising Company Limited, Chen Maosheng and Chen Huiqian whereby TOM OMG has agreed to acquire 60% of the equity interest in Xiamen Bomei Lianhe Advertising Company Limited (“Bomei Advertising”), as amended by a supplemental agreement dated 20 December 2002 entered into between the same parties.
47. A framework agreement dated 26 June 2002 entered into between TOM OMG, Fujian Seeout Outdoor Advertising Company Limited (“Seeout”), Li Guoping and Guo Xiaoyang and whereby TOM OMG has agreed to acquire 70% of the equity interest in Fujian Seeout Guangming Media Advertising Company Limited (“Seeout Media”), as amended by a supplemental agreement dated 15 January 2003 entered into between the same parties.
48. A loan agreement dated 8 July 2002 entered into between China Media and TOM Centro as lender and Perfect Team as borrower pursuant to which China Media and TOM Centro agreed to advance a loan to Perfect Team.
49. A loan agreement dated 25 July 2002 entered into between Devine Gem Management Limited (“Devine Gem”), Mr. Wang Lei Lei and Ms. Wang, pursuant to which Devine Gem provided Mr. Wang Lei Lei and Ms. Wang a certain sum respectively, to be invested exclusively in LTWJi.

50. A framework agreement dated 1 August 2002 entered into between TOM OMG, Sichuan Southwest International Advertising Company, Chengdu Boguang Broadcasting Information Company Limited whereby TOM OMG agreed to acquire 70% of the equity interest in Sichuan Southwest Outdoor Media Company Limited, as amended by the supplemental agreements dated 20 December 2002 and 15 January 2003 entered into between the same parties.
51. A share transfer agreement dated 8 August 2002 entered into between Mr. Wang Lei Lei and Ms. Wang whereby Mr. Wang Lei Lei agreed to transfer his entire equity interest in 雷霆萬鈞 to Ms. Wang.
52. A sole exclusive right to purchase shares agreement dated 8 August 2002 entered into among others, Lahiji, Ms. Wang and Mr. Wang Lei Lei in relation to the sole exclusive right for Lahiji to purchase entire equity interest of 雷霆萬鈞.
53. A share pledge agreement dated 8 August 2002 entered into between Lahiji and Ms. Wang whereby Ms. Wang agreed to pledge her entire equity interest in 雷霆萬鈞 to Lahiji.
54. A share pledge agreement dated 8 August 2002 entered into between Lahiji and Mr. Wang Lei Lei whereby Mr. Wang Lei Lei agreed to pledge his entire equity interest in 雷霆萬鈞 to Lahiji.
55. A loan agreement dated 8 August 2002 between Lahiji and Ms. Wang whereby Lahiji agreed to grant a loan to Ms. Wang for general working capital of 雷霆萬鈞.
56. A loan agreement dated 8 August 2002 between Lahiji and Mr. Wang Lei Lei whereby Lahiji agreed to grant a loan to Mr. Wang Lei Lei for general working capital of 雷霆萬鈞.
57. A share purchase agreement dated 15 August 2002 entered into between Spectrum International Holding Limited (“Spectrum International”), Modern Perfect Developments Limited (“Modern Perfect”), Lincoln Serejo Venancio (“Mr. Venancio”) and Tennis Management Limited (“Tennis Management”) with respect to the sale and purchase of 60% of the issued share capital of Tennis Management (“TML Share Purchase Agreement”), as amended by a deed of variation dated 31 October 2003 entered into between the same parties.
58. An exercise notice dated 23 August 2002 given by TOM Fashion Limited (“TOM Fashion”) to Opus Consultants Limited (“Opus”), Push Design Limited (“Push Design”) and Alpine Holdings International Limited (“Alpine”) whereby TOM Fashion gives notice to exercise the option to purchase the shares of She.com International Holdings Limited (“She.com”) in accordance with the shareholders’ agreement dated 25 May 2000 as supplemented by, inter alia: (i) a deed of adherence dated 29 August 2000 entered into between She.com and Extremes Enterprises Limited (“Extremes”); (ii) the deed of adherence and supplemental agreement to the shareholders’ agreement dated 24 May 2001 entered into between Alpine, She.com, TOM Fashion, Opus, Push Design, Derek Emory Yeung (“Derek Yeung”), Lam Wai Shan (“LWS”), Jeremy Lam Hou Wai (“Jeremy Lam”) and Extremes; and (iii) the

- supplemental agreement dated 24 November 2001 entered into between Alpine, TOM Fashion, Opus, Push Design, She.com, Derek Yeung, LWS, Jeremy Lam and Extremes. (“She.com Shareholders’ Agreement”).
59. A pledge agreement dated 1 September 2002 entered into between Qilu, Jinan Qilu and Qilu Media.
 60. A loan agreement dated 3 September 2002 entered into between Beijing Super Channel and TOM.COM (China) Investment Limited (“TOM China”) whereby TOM China advanced to Beijing Super Channel a certain sum.
 61. A sale and purchase agreement dated 6 September 2002 entered into between TOM International and 36 Solutions Limited relating to the acquisition of web development and marketing production business.
 62. A letter of intent dated 9 September 2002 entered into between 生活 • 讀書 • 新知三聯書店 (“Sanlian”) and TOM International with respect to the establishment of a joint venture in the PRC.
 63. A loan agreement dated 11 September 2002 entered into between Beijing Super Channel and TOM China whereby TOM China advanced to Beijing Super Channel a certain sum.
 64. A letter of intent dated 18 September 2002 entered into between 電腦報社, 重慶中科普傳媒發展股份有限公司 and TOM International relating to the establishment of a joint venture company in the PRC.
 65. A shareholders’ agreement dated 20 September 2002 (“TML Shareholders’ Agreement”) entered into between Modern Perfect, Spectrum International, Mr. Venancio and Tennis Management.
 66. A letter dated 20 September 2002 given by TOM International to Spectrum International confirming that in the event that Modern Perfect is unable to perform its obligation under clause 26 of the TML Shareholders’ Agreement, such obligation shall be undertaken by TOM International.
 67. A deed of indemnity dated 20 September 2002 entered into between Spectrum International, Mr. Venancio, Tennis Management and Modern Perfect whereby Spectrum International and Mr. Venancio have agreed to give certain tax indemnities in favour of Tennis Management and its subsidiaries.
 68. A deed of charge dated 20 September 2002 entered into between Spectrum International and Modern Perfect pursuant to which Spectrum International agreed to enter into this deed in favour of Modern Perfect in order to secure certain obligation of Spectrum International under the TML Share Purchase Agreement.

69. An escrow letter dated 20 September 2002 relating to the appointment of Barlow Lyde & Gilbert (“BLG”) as an escrow agent by Spectrum International and Modern Perfect to hold the certificate for 18,299,238 Shares, as amended by a supplemental escrow agreement dated 20 March 2003, 20 April 2003 and 28 May 2003 with respect to the extension of the appointment of BLG as an escrow agent.
70. A letter dated 18 October 2002 given by TOM Fashion to Opus, Push Design and Alpine with respect to the extension of option period to purchase the shares of She.com pursuant to the She.com Shareholders’ Agreement.
71. A supplemental agreement dated 29 October 2002 entered into between Diamond and 宏嘉創業投資股份有限公司 which supplements the BW Stock Purchase Agreement.
72. A deed of adherence dated 29 October 2002 given by Windsor Hill Corporation in favour of Diamond and TOM International.
73. A supplemental agreement dated 29 October 2002 entered into between Diamond and PC Home Publications Inc. (“PC Home”) which supplements to the BW Stock Purchase Agreement.
74. A supplemental agreement dated 29 October 2002 entered into between Diamond, Chih Nan Investment Co., Ltd., Jeng Da Investment Co., Ltd. and James Jin which supplements to the BW Stock Purchase Agreement.
75. A deed of adherence dated 29 October 2002 given by Golden River Holdings Limited in favour of Diamond and TOM International.
76. A pledge agreement dated 1 November 2002 entered into between Seeout and Seeout Media.
77. An ISP cooperation agreement dated 4 November 2002 between 雷霆萬鈞 and Cernet Information Technology Company Limited (“CIT”), as amended in May 2003. Pursuant to this agreement, CIT provides a dial-in number to customers of 雷霆萬鈞 to access the Internet and 雷霆萬鈞 pays a monthly usage fee. In addition, the parties share the profits equally. Notwithstanding the above, 雷霆萬鈞 will pay a fixed monthly usage fee to CIT for the period from May 2003 to October 2003. This agreement will expire on 1 November 2003, with an automatic extension of one year if no party objects.
78. A memorandum of understanding dated 21 November 2002 entered into between TOM International, Henan Ming Sheng Advertising Co. Ltd., Niu Zhi Min and Wang Li Jun relating to the formation of a joint venture company in the PRC.
79. A memorandum of understanding dated 21 November 2002 entered into between TOM International, Beijing Charm Art & Advertising Co. Ltd., Dang He and Chou Wei Hua relating to the formation of a joint venture company in the PRC.

80. A license agreement dated 21 November 2002 between CIT and 雷霆萬鈞 pursuant to which, 雷霆萬鈞 granted a license to CIT to use the TOMNET trademark, but CIT does not have the right to sub-license the TOMNET trademark to any third parties without prior consent from 雷霆萬鈞. 雷霆萬鈞 also permits CIT to use various related network resources and customer information of TOMNET. The term of this agreement is from 21 November 2002 to 20 November 2004.
81. A termination & novation agreement dated 25 November 2002 entered into between Mr. Wang Lei Lei, Advanced Internet Services Limited (“AIS”) and Shenzhen Freenet Information Technology Company Limited (“Shenzhen Freenet”) with respect to (1) termination of the loan agreement dated 21 August 2002 entered into between Mr. Wang Lei Lei and Shenzhen Freenet whereby Mr. Wang Lei Lei advanced a certain sum to Shenzhen Freenet exclusively for contributing to the registered capital of Shenzhen Freenet; and (2) novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to AIS with respect to a certain sum of the shareholders’ loan under the same loan agreement.
82. A novation agreement dated 25 November 2002 entered into between AIS, Mr. Wang Lei Lei and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to AIS pursuant to the novation agreement dated 2 March 2001 entered into between Mr. Sing Wang, Mr. Wang Lei Lei and Shenzhen Freenet whereby Mr. Sing Wang has assigned all his rights title interest and benefits of and novated all his obligations and liabilities under the loan agreement dated 10 December 1999 to Mr. Wang Lei Lei.
83. A novation agreement dated 25 November 2002 entered into between AIS, Mr. Wang Lei Lei and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to Shenzhen Freenet pursuant to the novation agreement dated 2 March 2001 entered into between Mr. Sing Wang, Mr. Wang Lei Lei and AIS whereby Mr. Sing Wang has assigned all his rights, title, interest and benefits of and novated all his obligations and liabilities under the loan agreement dated 10 December 1999 to Mr. Wang Lei Lei.
84. A novation agreement dated 25 November 2002 entered into between AIS, Mr. Wang Lei Lei and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to AIS pursuant to the novation agreement dated 2 March 2001 entered into between Mr. Sing Wang, Mr. Wang Lei Lei and Shenzhen Freenet whereby Mr. Sing Wang has assigned all his rights, title, interest and benefits of and novated all his obligations and liabilities under the loan agreement dated 15 December 2000 to Mr. Wang Lei Lei.
85. A novation agreement dated 25 November 2002 entered into between AIS, Mr. Wang Lei Lei and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to Shenzhen Freenet pursuant to the novation agreement dated 2 March 2001 entered into between Sing Wang, Mr. Wang Lei Lei and AIS whereby Mr. Sing Wang has assigned all his rights, title, interest and benefits of and novated all his obligations and liabilities under the loan agreement dated 2 November 2000 to Mr. Wang Lei Lei.

86. A novation agreement dated 25 November 2002 entered into between AIS, Mr. Wang Lei Lei and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to Shenzhen Freenet pursuant to the first loan agreement dated 29 December 2000 and the second loan agreement dated 5 June 2001, both entered into between Mr. Wang Lei Lei and AIS.
87. A novation agreement dated 25 November 2002 entered into between AIS, Mr. Wang Lei Lei and Shenzhen Freenet relating to the novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to AIS pursuant to the first loan agreement dated 29 December 2000 and the second loan agreement dated 5 June 2001, both entered into between Mr. Wang Lei Lei and Shenzhen Freenet.
88. A termination agreement dated 25 November 2002 entered into between Mr. Wang Lei Lei, Shenzhen Freenet and AIS with respect to the termination of a loan agreement dated 21 May 2001 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to Shenzhen Freenet.
89. A termination agreement dated 25 November 2002 entered into between Mr. Wang Lei Lei, Shenzhen Freenet and Mr. Sing Wang with respect to the termination of a loan agreement dated 21 May 2001 entered into the same parties whereby Mr. Wang Lei Lei advanced a certain sum to Mr. Sing Wang for his onward lending to Shenzhen Freenet.
90. A termination and novation agreement dated 25 November 2002 entered into between Mr. Wang Lei Lei, Shenzhen Freenet and AIS with respect to: (i) the termination of a loan agreement dated 21 August 2002 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to Shenzhen Freenet; and (ii) the novation of obligations and liabilities from Mr. Wang Lei Lei to Shenzhen Freenet pursuant to the loan agreement dated 21 August 2002 with respect to the certain sum of the shareholders' loan.
91. A termination agreement dated 25 November 2002 entered into between Mr. Wang Lei Lei and AIS with respect to the termination of a supplemental loan agreement dated 30 March 2001 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to Shenzhen Freenet.
92. A loan agreement dated 25 November 2002 entered into between Ms. Wang, AIS and Shenzhen Freenet, pursuant to which AIS granted Ms. Wang a loan facility, the proceeds of which shall be used exclusively towards the working capital of Shenzhen Freenet or Beijing Redsail Netlegend Data Network Technology Company Limited ("Redsail"). AIS has a right to demand payment of loan at any time.
93. A loan agreement dated 25 November 2002 entered into between AIS, Ms. Wang and Shenzhen Freenet, pursuant to which AIS agreed to grant a certain sum to Ms. Wang for the exclusive purpose of contributing towards registered capital of Shenzhen Freenet.

94. A novation agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei, Shenzhen Freenet and AIS relating to the novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to AIS pursuant to the loan agreement dated 29 December 2000 and supplemental loan agreement dated 30 March 2001 entered into between the same parties.
95. A novation agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei, Shenzhen Freenet and AIS relating to the novation of all rights, obligations and liabilities from Mr. Wang Lei Lei to AIS pursuant to the loan agreement dated 21 August 2002 entered into between the same parties.
96. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei, Shenzhen Freenet and AIS with respect to the termination of a loan agreement dated 21 August 2002 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to Shenzhen Freenet.
97. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei, Shenzhen Freenet and AIS with respect to the termination of a loan agreement dated 21 May 2001 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to Shenzhen Freenet.
98. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei, Shenzhen Freenet and AIS with respect to the termination of a loan agreement dated 27 June 2002 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to Shenzhen Freenet.
99. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei and AIS with respect to the termination of a loan agreement dated 29 December 2000 and a supplemental agreement dated 30 December 2001 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to Shenzhen Freenet.
100. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei and Lahiji with respect to the termination of a loan agreement dated 8 August 2002 entered into the same parties whereby Lahiji advanced a certain sum to Mr. Wang Lei Lei to invest in Beijing TOM International Advertising Limited (“Beijing TOM Advertising”).
101. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei and AIS with respect to the termination of a loan agreement dated 24 December 2001 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to 深圳市新易網通網絡信息技術有限公司 (“新易網通”).
102. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei and Hitech Profits Limited (“Hitech”) with respect to the termination of a loan agreement dated 6 December 2000 entered into the same parties whereby Hitech advanced a certain sum to Mr. Wang Lei Lei to invest in 昆明風馳企業顧問諮詢有限公司 (“風馳顧問”).

103. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei and Lahiji with respect to the termination of a loan agreement dated 8 August 2002 entered into the same parties whereby Lahiji advanced a certain sum to Mr. Wang Lei Lei to invest in 雷霆萬鈞.
104. A termination agreement dated 1 December 2002 entered into between Mr. Wang Lei Lei and AIS with respect to the termination of a loan agreement dated 18 April 2001 entered into the same parties whereby AIS advanced a certain sum to Mr. Wang Lei Lei for his onward lending to 新飛訊能廣告.
105. A sale and purchase agreement dated 3 December 2002 entered into between Texcept and Team Wish Enterprises Limited relating to the purchase of assets.
106. A capital transfer agreement dated 2 December 2002 entered into between Shenzhen Freetet, Ms. Zhang Jing (“Ms. Zhang”) and Mr. Zhang Hongcheng (known as Mr. Zhang), pursuant to which Ms. Zhang agreed to transfer all her capital injected in 廣州市鴻翔音像製作有限公司 (“Hong Xiang”) and Mr. Zhang agreed to transfer part of his capital injected in Hong Xiang to Shenzhen Freetet.
107. A deed of settlement dated 4 December 2002 entered into between TOM International and International Merchandising Corporation relating to the termination of an agreement dated 8 March 2000 entered into between the same parties.
108. A sale and purchase agreement dated 6 December 2002 entered into between Cup Limited and TOM (Cup Magazine) Publishing Limited (“TOM (Cup Magazine)”) with respect to the transfer of the business and proprietorship of Cup Magazine and AV Magazine (“Magazines”), certain employees, certain fixed assets and the past contents of the Magazines to TOM (Cup Magazine).
109. A subscription agreement dated 27 December 2002 (“Cité Subscription Agreement”) entered into between Cité Publishing Holding Limited (“Cité Publishing Holding”), TOM Print Media Group Limited (“TOM Print Media”), persons named in schedule 1 of Cité Subscription Agreement and Mr. Jan in respect of subscription of new shares in Cité Publishing Holding and sale and purchase of shareholding interests in Business Weekly, Sharp Point Publishing Co., Limited (“Sharp Point”) and HMG as amended by a supplemental agreement dated 31 March 2003, 30 April 2003 and 31 May 2003 entered into between the same parties.
110. A share sale and purchase agreement dated 17 January 2003 entered into between TOM Print Media and Business Weekly.
111. A letter dated 17 January 2003 given by TOM Fashion to Opus, Push Design and Alpine with respect to the extension of option period to purchase the shares of She.com pursuant to the She.com Shareholders’ Agreement.

112. A stock purchase agreement dated 14 February 2003 entered into between TOM Print Media, Cité Publishing Holding and Mr. Jan with respect to the acquisition of up to an aggregate of 11.645% of the issued share capital of Cité Publishing Holding by TOM Print Media, such agreement was being amended by a supplemental agreement dated 30 April 2003 entered into between the same parties.
113. A letter dated 20 March 2003 given by TOM Fashion to Opus, Push Design and Alpine whereby the option period is expired and lapsed on 21 March 2003.
114. A facility letter dated 1 April 2003 entered into between The Development Bank of Singapore Limited as the lender and the Company as the borrower.
115. A surrender agreement dated 14 April 2003 entered into between Metro Broadcast Corporation Limited and the Company.
116. A framework agreement dated 30 April 2003 entered into between TOM International, 北京紅帆譽翔公用電話有限公司 (“Redsail Yuxiang”) and 北京三錦泰和科技發展有限公司 (“三錦泰和”) with respect to the acquisition of 60% of the equity interest in Redsail as amended by a supplemental agreement dated 30 May 2003 entered into between the same parties.
117. An equity transfer agreement dated 30 April 2003 entered into between Redsail Yuxiang, 三錦泰和 and 雷霆萬鈞 with respect to the acquisition of 60% of the equity interest in Redsail as amended by an agreement dated 30 May 2003 entered into between the same parties.
118. A licence agreement dated 15 May 2003 entered into between Texcept as the licensor and SoftChina as the licensee whereby Texcept agreed to grant the license to use the assets to SoftChina.
119. A lease agreement dated 3 June 2003 entered into between LTWJi and Redsail. Pursuant to this lease agreement, LTWJi agreed to lease from Redsail two seats in its customer service center in Beijing so that LTWJi can provide customer services to its users of wireless IVR services. This agreement expires on 3 June 2004. LTWJi entered into a supplemental lease agreement with Redsail on 9 September 2003 to lease 12 additional seats.
120. A deed of waiver dated 9 June 2003 entered into between Alpine, TOM Fashion and Extremes whereby She.com absolutely and irrevocably waives and renounces all its rights pursuant to Clause 10 of She.com Shareholders’ Agreement.
121. A tenancy agreement dated 16 June 2003 entered into between 北京經開科創科技孵化器有限公司 and LTWJi, in relation to the lease of Room 422, Block A, No. 12 Hong Huan Bei Lu, Beijing Economic and Technology Development District, Beijing, the PRC for a period of one year expiring on 16 June 2004.

122. A sub-tenancy agreement dated 15 June 2003 entered into between TOM China and TOM International (Beijing Representative Office) in relation to the sub-lease of the room 908D of 9th Floor, Tower W3, The Towers, Beijing Oriental Plaza, No. 1 – 31, Dong Chang An Jie, Dong Cheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006.
123. A share purchase agreement dated 18 June 2003 entered into between TOM Stocks, EC.COM INC. (“EC.COM”), Moses Tsang Kwok Tai (“Mr. Tsang”), All Asia and AA Stocks relating to the sale and purchase of 252,641 shares in AA Stocks to EC.COM by TOM Stocks.
124. A termination agreement to the shareholders’ agreement dated 28 April 2000 and new shareholders’ agreement dated 18 June 2003 entered into between AA Stocks, All Asia, TOM Stocks, Westport, MKT, EC.COM and Mr. Tsang relating to the sale and purchase of 252,641 shares in AA Stocks to EC.COM by TOM Stocks.
125. A share purchase agreement dated 2 July 2003 entered into between Turner Broadcasting System Asia Pacific, Inc. (“TBSAP”), TOM Television Group Limited (“TOM TV”), Turner Broadcasting System, Inc. (“TBS”) and the Company relating to the sale and purchase of 64.07% of the issued share capital of China Entertainment Television Broadcast Limited (“CETV”), as amended on 28 August 2003 entered into between the same parties.
126. A deed of indemnity dated 2 July 2003 entered into between the Company and TBSAP relating to the proposed acquisition of 4,800 shares of CETV from Lark International Multimedia Limited.
127. A deed of indemnity dated 2 July 2003 entered into between the Company and TBSAP relating to the proposed acquisition of 1,200 shares of CETV from Mr. Chua Wah Peng, Robert.
128. A tenancy agreement dated 2 July 2003 entered into between Beijing Oriental Plaza Company Limited (“Beijing Oriental”) and Beijing Super Channel in relation to the lease of the whole of 8th Floor, Tower W3, The Towers, Beijing Oriental Plaza, No. 1 – 31, Dong Chang An Jie, Dong Cheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006.
129. A tenancy agreement 2 July 2003 entered into between Beijing Oriental and TOM China in relation to the lease of Rooms 1 – 6, 9th Floor, Tower W3, The Towers, Beijing Oriental Plaza, No. 1 – 31, Dong Chang An Jie, Dong Cheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006.
130. A tenancy agreement 2 July 2003 entered into between Beijing Oriental and TOM China in relation to the lease of Rooms 7 – 8, 9th Floor, Tower W3, The Towers, Beijing Oriental Plaza, No. 1 – 31, Dong Chang An Jie, Dong Cheng District, Beijing, the PRC for a period of 3 years expiring on 14 June 2006.

131. A placing agreement dated 3 July 2003 entered into between Schumann International Limited, Citigroup Global Markets Asia Limited and the Company, pursuant to which Citigroup Global Markets Asia Limited will purchase or procure purchasers to acquire, and Schumann International Limited will sell in aggregate 450,000,000 existing shares of the Company at a price of HK\$2.30 per share.
132. A subscription agreement dated 3 July 2003 entered into between the Company as an issuer and Schumann International Limited as a subscriber, pursuant to which Schumann International Limited has conditionally agreed to subscribe for 450,000,000 new shares of the Company in total at HK\$2.30 per share.
133. A financing facility agreement dated 10 July 2003 entered into between (1) Cité Publishing Limited, Business Weekly, PC Home and Sharp Point as the co-borrowers; (2) The Development Bank of Singapore Ltd, Taipei Branch, Credit Lyonnais, Taipei Branch, United Overseas Bank Limited, Taipei Branch, Bank Sinopac, The Bank of Nova Scotia, Taipei Branch as the banks; (3) The Development Bank of Singapore Ltd as the coordinating arranger and facility agent; and (4) Bank Sinopac as the fiscal agent.
134. A loan agreement dated 22 July 2003 entered into between TOM OMG, Li Jian and Dynamic Net Developments Limited (“Dynamic”) whereby TOM OMG agreed to lend a certain sum to Li Jian and Dynamic.
135. A share pledge agreement dated 25 July 2003 entered into between Redsail Yuxiang; 趙學英, Resail and 雷霆萬鈞 in relation to the pledge of the 1,260,068 shares of the Company by Redsail Yuxiang in favour of 雷霆萬鈞 and Redsail.
136. A share pledge agreement dated 25 July 2003 entered into between 三錦泰和, 趙學英, Redsail and 雷霆萬鈞 in relation to the pledge of the 282,872 shares of the Company by 三錦泰和 in favour of 雷霆萬鈞 and Redsail.
137. An agreement dated 21 July 2003 entered into between Cité Publishing Holding, TOM Print Media, Pan Sy Zuan and Mr. Jan whereby Pan Sy Zuan agreed to (i) sell to Cité Publishing Holding all his shareholding in HMG; (ii) subscribe for 0.78% of the enlarged issued share capital of Cité Publishing Holding; and (iii) sell one half of his shareholding in Cité Publishing Holding to TOM Print Media on substantially the same terms and conditions as those offered to the other minority shareholders of HMG.
138. A tenancy agreement dated 14 August 2003 entered into between Beijing Oriental and LTWJi, in relation to the lease of the rooms 7 – 8 of 5th Floor, Tower W3, The Towers, Beijing Oriental Plaza, No. 1 – 31, Dong Chang An Jie, Dong Cheng District, Beijing, the PRC for a period of 3 years expiring on 14 August 2006.
139. A share transfer agreement dated 28 August 2003 entered into between Shenzhen Freenet and Ms. Wang, Mr. Sheng Yong (“Mr. Sheng”) pursuant to which Shenzhen Freenet agreed to transfer its 40% and 30% equity interests in 廣東羊城廣告有限公司 to Ms. Wang and Mr. Sheng respectively.

140. An escrow letter dated 2 September 2003 relating to the appointment of Scotiatrust (Asia) Limited (“Scotiatrust”) as an escrow agent by Redsail Yuxiang, Redsail, 雷霆萬鈞 and 趙學英 to hold the certificate for 1,260,068 ordinary shares of the Company.
141. An escrow letter dated 2 September 2003 relating to the appointment of Scotiatrust as an escrow agent by 三錦泰和, Redsail, 雷霆萬鈞 and 趙學英 to hold the certificate for 282,872 ordinary shares of the Company.
142. A shareholders’ agreement dated 15 September 2003 entered into between Jian Ming, Tianming, TOM OMG, 北京天明國際投資管理有限公司 (“Tianming International”), 風馳顧問 and Tianming Advertising, pursuant to which certain terms set out in the Tianming Framework Agreement are amended.
143. A shareholders’ deed dated 15 September 2003 entered into between TOM TV, TBSAP, the Company, TBS and CETV under which, among other things, TOM TV will provide CETV with funding for working capital purposes of CETV as determined by the board of directors of CETV from time to time.
144. An option deed dated 15 September 2003 entered into between TOM TV, TBSAP, the Company and TBS, pursuant to which TOM TV agreed to grant to TBSAP a call option over all of the 19,222 ordinary shares of HK\$0.30 each in the capital of CETV held by TOM TV upon the terms and subject to the conditions set out in the deed.
145. A program management agreement dated 15 September 2003 entered into between TBSAP, CETV and TOM TV, under which TBSAP will provide certain programming management services to CETV at such fee agreed by TBSAP and CETV.
146. An asset purchase agreement dated 15 September 2003 entered into between TBSAP and CETV, pursuant to which CETV will acquire from TBSAP certain office equipments (such as computers and printers) at a consideration of HK\$1 upon the terms and subject to the conditions set out in the agreement.
147. A tax deed dated 15 September 2003 entered into between TBSAP and CETV, pursuant to which TBSAP will indemnify CETV against certain tax liabilities (such as profits tax, stamp duty and estate duty) incurred by CETV from 31 May 2000 to 15 September 2003 and which are not disclosed in the audited accounts of CETV for the years ended 31 December 2001 and 31 December 2002, respectively.
148. A tenancy agreement dated 16 September 2003 entered into between 匯龍森國際企業孵化(北京)有限公司 and Puccini International Limited (“Puccini”), in relation to the lease of Room B407-5, No. 14 Zhong He Street, Beijing Economic and Technology Development District, Beijing, the PRC for a period of one year expiring on 30 September 2004.

149. A restructuring agreement dated 20 September 2003 entered into between the Company, TOM Online Inc. and Rich Wealth Holdings Limited (“Rich Wealth”), pursuant to which the Company and Rich Wealth agreed to transfer to TOM Online Inc. their 100% interest in the issued share capital of Lahiji, Laurstinus and AIS, respectively.
150. A license agreement dated 21 September 2003 (as amended on the same date) entered into between Dragonfly GF Co, Ltd. (“Dragonfly”) as a licensor and 雷霆萬鈞 as a licensee, pursuant to which Dragonfly agreed to grant 雷霆萬鈞 the license to market, sell, distribute and publish “KARMA ONLINE” program and related user documentation for use.
151. A novation agreement dated 25 September 2003 entered into between Ms. Wang, Mr. Wang Lei Lei, Devine Gem and Puccini, under which, Ms. Wang, Mr. Wang Lei Lei and Devine Gem agreed the novation of all rights, obligations and liabilities from Devine Gem to Puccini as set out in the (a) share option agreement dated 25 July 2002 entered into between Ms. Wang, Mr. Wang Lei Lei, Devine Gem and LTWJi; and (b) share pledge agreement dated 25 July 2002 entered into between Ms. Wang, Mr. Wang Lei Lei and Devine Gem.
152. A novation agreement dated 25 September 2003 entered into between Mr. Wang Lei Lei, Ms. Wang, Devine Gem, and Puccini, under which, all parties agreed the novation of all rights, obligations and liabilities from Devine Gem to Puccini as set out in the loan agreement dated 25 July 2002 entered into between Ms. Wang, Mr. Wang Lei Lei and Devine Gem.
153. An investment attorney agreement dated 25 September 2003 entered into between Puccini, Mr. Wang Lei Lei and Ms. Wang, pursuant to which all parties acknowledged the provision of certain sums to Ms. Wang and Mr. Wang Lei Lei respectively by Puccini to invest in LTWJi as registered capital.
154. A share transfer agreement dated 25 September 2003 entered into between 長城計算機軟件與系統有限公司 (“Great Wall Computer”), TOM China, 長城科技股份有限公司 (“Great Wall Technology”) and Shenzhen Freenet, pursuant to which Great Wall Computer agreed to transfer its 20% equity interest in Beijing GreaTom United Technology Company Limited (“Beijing GreaTom”) to Shenzhen Freenet.
155. A supplemental agreement dated 25 September 2003 entered into between TOM China, Great Wall Technology and Shenzhen Freenet, which supplements the agreement dated 2 January 2001 entered into between TOM China, Great Wall Computer and Great Wall Technology in relation to the establishment of Beijing GreaTom.
156. A sale and purchase agreement dated 25 September 2003 entered into between Cranwood as a vendor, Bright Horizon Enterprises Limited (“Bright Horizon”) as a purchaser, the Company as a guarantor and TOM Online Inc. as a guarantor with respect to the sale and purchase of the entire issued share capital of Puccini, which provides wireless IVR services in China through LTWJi, as amended by a supplemental agreement dated 29 October 2003 entered into between Cranwood, Bright Horizon, the Company, TOM Online Inc. and Ms. Chau Hoi Shuen.

157. A supplemental loan agreement dated 26 September 2003 entered into between Lahiji and Ms. Wang whereby Lahiji agreed to provide Ms. Wang a long term loan to be invested exclusively in 雷霆萬鈞, which supplements to the loan agreement dated 8 August 2002 entered into the same parties.
158. A supplemental loan agreement dated 26 September 2003 entered into between AIS and Ms. Wang whereby AIS agreed to provide Ms. Wang a long term loan to be invested exclusively in Shenzhen Freenet, which supplements to the loan agreement dated 25 November 2002 entered into the same parties.
159. A loan agreement dated 26 September 2003 entered into between AIS and Mr. Sheng whereby AIS agreed to provide Mr. Sheng a long term loan to be invested exclusively in Shenzhen Freenet.
160. A supplemental share pledge agreement dated 26 September 2003 entered into between Beijing Super Channel, Lahiji and Ms. Wang relating to the novation of all rights, obligations and liabilities from Lahiji to Beijing Super Channel, pursuant to the share pledge agreement dated 8 August 2002 entered into between Ms. Wang and Lahiji. Pursuant to the supplemental share pledge agreement, Ms. Wang pledges to Beijing Super Channel all of her interest in 雷霆萬鈞 to guarantee the performance by 雷霆萬鈞 of its obligations under the exclusive technical and consulting services agreement between 雷霆萬鈞 and Beijing Super Channel. The term of the agreement is from the date of the registration of this pledge with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consulting services agreement between Beijing Super Channel and 雷霆萬鈞.
161. A share pledge agreement dated 26 September 2003 entered into between Beijing Super Channel and Mr. Wang Lei Lei, pursuant to which Mr. Wang Lei Lei pledges to Beijing Super Channel all of his interest in 雷霆萬鈞 to guarantee the performance by 雷霆萬鈞 of its obligations under the exclusive technical and consulting services agreement between 雷霆萬鈞 and Beijing Super Channel. The term of the agreement is from the date of the registration of this pledge with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consulting services agreement between Beijing Super Channel and 雷霆萬鈞.
162. A share pledge agreement dated 26 September 2003 entered into between Beijing Super Channel and Mr. Sheng, pursuant to which Mr. Sheng pledges to Beijing Super Channel all of his interest in Shenzhen Freenet to guarantee the performance by Shenzhen Freenet of its obligations under the exclusive technical and consulting services agreement between Shenzhen Freenet and Beijing Super Channel. The term of the agreement is from the date of the registration of this pledge with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consulting services agreement between Beijing Super Channel and Shenzhen Freenet.

163. A share pledge agreement dated 26 September 2003 entered into between Beijing Super Channel and Ms. Wang, pursuant to which Ms. Wang pledges to Beijing Super Channel all of her interest in Shenzhen Freenet to guarantee the performance by Shenzhen Freenet of its obligations under the exclusive technical and consulting services agreement between Shenzhen Freenet and Beijing Super Channel. The term of the agreement is from the date of the registration of this pledge with the relevant PRC regulatory authority until the termination or expiration of the exclusive technical and consulting services agreement between Beijing Super Channel and Shenzhen Freenet.
164. A share option agreement dated 26 September 2003 entered into between Ms. Wang, Lahiji and 雷霆萬鈞, pursuant to which Ms. Wang granted Lahiji an exclusive option to purchase all of her interest in 雷霆萬鈞 when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.
165. A share option agreement dated 26 September 2003 entered into between Mr. Wang Lei Lei, Lahiji and 雷霆萬鈞, pursuant to which Mr. Wang Lei Lei granted Lahiji an exclusive option to purchase all of his interest in 雷霆萬鈞 when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.
166. A share option agreement dated 26 September 2003 entered into between Ms. Wang, AIS and Shenzhen Freenet, pursuant to which Ms. Wang granted AIS an exclusive option to purchase all of her interest in Shenzhen Freenet when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.
167. A share option agreement dated 26 September 2003 entered into between Mr. Sheng, AIS and Shenzhen Freenet, pursuant to which Mr. Sheng granted AIS an exclusive option to purchase all of his interest in Shenzhen Freenet when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.
168. A business operation agreement dated 26 September 2003 entered into between Beijing Super Channel, 雷霆萬鈞, Ms. Wang and Mr. Wang Lei Lei, pursuant to which Beijing Super Channel agreed to act as a performance guarantor for 雷霆萬鈞 in respect of its transactions with third parties. In return, 雷霆萬鈞 granted Beijing Super Channel a security interest over all of its assets. In addition, 雷霆萬鈞 and all of its Shareholders agreed that 雷霆萬鈞 will not carry on any transactions that may materially adversely affect its operations and will appoint Beijing Super Channel's designees as its directors, chief executive officer and other senior officers. The term of this agreement is ten years from the date of execution.

169. A business operation agreement dated 26 September 2003 entered into between Beijing Super Channel, Shenzhen Freenet, Ms. Wang and Mr. Sheng, pursuant to which Beijing Super Channel agreed to act as a performance guarantor for Shenzhen Freenet in respect of its transactions with third parties. In return, Shenzhen Freenet granted Beijing Super Channel a security interest over all of its assets. In addition, Shenzhen Freenet and all of its Shareholders agreed that Shenzhen Freenet will not carry on any transactions that may materially adversely affect its operations and will appoint Beijing Super Channel's designees as its directors, chief executive officer and other senior officers. The term of this agreement is ten years from the date of execution.
170. A novation agreement dated 26 September 2003 entered into between AIS, Ms. Wang and Mr. Sheng, pursuant to which Mr. Sheng assumes all of the rights and obligations of Ms. Wang with respect certain loans borrowed by Ms. Wang.
171. A share transfer agreement dated 26 September 2003 entered into between 雷霆萬鈞 and Wang Ting Ting ("Mr. Wang TT"), pursuant to which 雷霆萬鈞 agreed to transfer its 20% equity interest in Beijing Oriental China Travel Agency Limited to Wang Ting Ting.
172. A share transfer agreement dated 26 September 2003 entered into between 雷霆萬鈞, Shenzhen Freenet, Ms. Wang, Mr. Sheng, Mr. Wang TT, pursuant to which (a) Shenzhen Freenet agreed to transfer its 40% equity interest in Redsail to Ms. Wang; and (b) 雷霆萬鈞 agreed to transfer its 40% equity interest in Redsail to Mr. Sheng and 20% equity interest in Redsail to Mr. Wang TT respectively.
173. A share transfer agreement dated 26 September 2003 entered into between Mr. Wang Lei Lei and Mr. Wang TT, pursuant to which Mr. Wang Lei Lei agreed to transfer his 20% equity interest in Beijing TOM Advertising to Mr. Wang TT.
174. A share transfer agreement dated 26 September 2003 entered into between Ms. Wang and Mr. Sheng, pursuant to which Ms. Wang agreed to transfer her 40% equity interest in Beijing TOM Advertising to Mr. Sheng.
175. A loan agreement dated 26 September 2003 entered into between TOM Outdoor Advertising Company Limited ("OMG HK") and Ms. Wang whereby OMG HK agreed to grant a loan to Ms. Wang to invest in Beijing TOM Advertising as its registered capital.
176. A loan agreement dated 26 September 2003 entered into between OMG HK and Mr. Sheng whereby OMG HK agreed to grant a loan to Mr. Sheng to invest in Beijing TOM Advertising as its registered capital.
177. A loan agreement dated 26 September 2003 entered into between OMG HK and Mr. Sheng whereby OMG HK agreed to grant a loan to Mr. Wang TT to invest in Beijing TOM Advertising as its registered capital.

178. A share option agreement dated 26 September 2003 entered into between OMG HK, Beijing TOM Advertising and Ms. Wang, pursuant to which Ms. Wang granted OMG HK an exclusive option to purchase all of her interest in Beijing TOM Advertising when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.
179. A share option agreement dated 26 September 2003 entered into between OMG HK, Beijing TOM Advertising and Mr. Sheng, pursuant to which Mr. Sheng granted OMG HK an exclusive option to purchase all of his interest in Beijing TOM Advertising when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.
180. A share option agreement dated 26 September 2003 entered into between OMG HK, Beijing TOM Advertising and Mr. Wang TT, pursuant to which Mr. Wang TT granted OMG HK an exclusive option to purchase all of his interest in Beijing TOM Advertising when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.
181. An exclusive technology consultancy and services agreement dated 26 September 2003 entered into between 易網通電子網絡系統(深圳)有限公司 (“ECLink”) and Beijing TOM Advertising, pursuant to which ECLink agreed to provide technical consultancy and services exclusively for Beijing TOM Advertising during the term of the agreement.
182. A share pledge agreement dated 26 September 2003 entered into between ECLink and Ms. Wang whereby Ms. Wang agreed to pledge her entire equity interest in Beijing TOM Advertising to ECLink.
183. A share pledge agreement dated 26 September 2003 entered into between ECLink and Mr. Wang TT whereby Mr. Wang TT agreed to pledge his entire equity interest in Beijing TOM Advertising to ECLink.
184. A share pledge agreement dated 26 September 2003 entered into between ECLink and Mr. Sheng whereby Mr. Sheng agreed to pledge his entire equity interest in Beijing TOM Advertising to ECLink.
185. A business operation agreement dated 26 September 2003 entered into between ECLink, Beijing TOM Advertising, Ms. Wang, Mr. Sheng and Mr. Wang TT, pursuant to which ECLink agreed to act as a performance guarantor for Beijing TOM Advertising in respect of its transactions with third parties. In return, Beijing TOM Advertising granted ECLink a security interest over all of its assets. In addition, Beijing TOM Advertising and all of its shareholders agreed that Beijing TOM Advertising will not carry on any transactions that may materially adversely affect its operations and will appoint ECLink’s designees as its directors, chief executive officer and other senior officers. The term of this agreement is ten years from the date of execution
186. A tenancy agreement dated 13 October 2003 entered into between Southland Company Limited and TOM (Cup Magazine), in relation to the lease of whole floor of Park Commercial Centre of No. 180 Tung Lo Wan Road, Hong Kong for a period of two years expiring on 9 October 2005.

187. An exclusive management consultancy agreement between TOM China and TOM OMG, pursuant to which TOM China agreed to provide management consultancy services exclusively to TOM OMG.
188. A joint venture agreement dated 4 November 2003 entered into between TOM China and Sanlian, under which, TOM China and Sanlian agreed to jointly establish a sino-foreign co-operative joint venture enterprise to be known as 北京三聯世紀文化傳播有限公司 in the PRC.
189. A subscription agreement dated 6 November 2003 entered into between the Company, TOM Holdings Limited as an issuer, Citigroup and Deutsche Bank as the joint bookrunners and Cazenove as co-manager whereby the joint bookrunners and co-manager agreed to subscribe for convertible bonds of the issuer at par in an aggregate principal amount of US\$150 million.
190. An agreement dated 7 November 2003 entered into between TOM Digital Media Center Limited as a purchaser and TCL National Digital Television Center Hong Kong, Inc. as a vendor in relation to the sale and purchase of certain business assets.
191. A business operation agreement dated 19 November 2003 entered into between Puccini Network Technology (Beijing) Limited (“Puccini Beijing”), LTWJi, Ms. Wang and Mr. Wang Lei Lei, pursuant to which Puccini Beijing agreed to act as a performance guarantor for LTWJi in respect of its transactions with third parties. In return, LTWJi granted Puccini Beijing a security interest over all of its assets. In addition, LTWJi and all of its shareholders agreed that LTWJi will not carry on any transactions that may materially adversely affect its operations and will appoint Puccini Beijing’s designees as its directors, chief executive officer and other senior officers. The term of this agreement is ten years from the date of execution.
192. An exclusive technical consultancy and services agreement dated 19 November 2003 entered into between Puccini Beijing and LTWJi, pursuant to which Puccini Beijing agreed to provide technical consultancy and services exclusively for LTWJi during the term of the agreement.
193. A share option agreement dated 19 November 2003 entered into between Ms. Wang, Puccini and LTWJi, pursuant to which Ms. Wang granted Puccini an exclusive option to purchase all of her interest in LTWJi when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.
194. A share option agreement dated 19 November 2003 entered into between Mr. Wang Lei Lei, Puccini and LTWJi, pursuant to which Mr. Wang Lei Lei granted Puccini an exclusive option to purchase all of his interest in LTWJi when permitted by PRC law. The term of each of this agreement is 10 years from the date of execution.

195. An undertaking letter dated 19 November 2003 entered into between Puccini and Mr. Wang Lei Lei in relation to the certain sum loaned to Mr. Wang Lei Lei by Puccini to invest in LTWJi as registered capital.
196. An undertaking letter dated 19 November 2003 entered into between Puccini and Ms. Wang in relation to the certain sum loaned to Ms. Wang by Puccini to invest in LTWJi as registered capital.
197. A share pledge agreement dated 19 November 2003 entered into between Puccini, Puccini Beijing and Mr. Wang Lei Lei, pursuant to which Puccini Beijing assumes all of the rights and obligations of Puccini under the terms and conditions as set out in the novation agreement dated 25 September 2003 entered into between Puccini, Devine Gem, Mr. Wang Lei Lei and Ms. Wang.
198. A share pledge agreement dated 19 November 2003 entered into between Puccini, Puccini Beijing and Ms. Wang, pursuant to which Puccini Beijing assumes all of the rights and obligations of Puccini under the terms and conditions as set out in the novation agreement dated 25 September 2003 entered into between Puccini, Devine Gem, Mr. Wang Lei Lei and Ms. Wang.
199. A paying and conversion agency agreement dated 28 November 2003 entered into between the Issuer, the Company, the Trustee, Deutsche Bank AG, Hong Kong Branch and Deutsche Bank Luxembourg S.A. in relation to the Convertible Bonds.
200. A trust deed dated 28 November 2003 entered into between the Company, the Issuer and the Trustee constituting the Convertible Bonds.

12. GENERAL

- (a) The head office and principal place of business of the Company is at 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong. The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712 – 1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (b) The Compliance Officer and the Qualified Accountant of the Company is Ms. Tommei Tong. She holds a Bachelor of Social Sciences Degree from the University of Hong Kong in 1986. She is also a Fellow of Chartered Association of Certified Accountants in the UK and an Associate of Hong Kong Society of Accountants.
- (c) The Company Secretary of the Company is Ms. Angela Mak. Ms. Mak holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of New South Wales in Australia and has been admitted as a solicitor in New South Wales (Australia), England and Wales and Hong Kong.

- (d) The Company has established an audit committee on 21 January 2000 with written terms of reference in compliance with Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the TOM Group. The audit committee comprises an executive Director, Ms. Tommei Tong and three independent non-executive Directors, namely Mrs. Angelina Lee, Mr. Henry Cheong and Ms. Anna Wu, further details of whom are set out below:

Mrs. Angelina Lee, aged 54, is a practising solicitor. She has a Bachelor of Laws degree and is a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public service and currently serves on a number of statutory, advisory and appeal committees. She is also a director of a number of other listed companies in Hong Kong.

Mr. Henry Cheong, aged 55. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management. He is a director of certain other listed companies in Hong Kong. Mr. Cheong is a member of the Process Review Panel for the Securities and Future Commission, a member of the GEM Listing Committee, Main Board Listing Committee and Derivatives Market Consultative Panel of the Hong Kong Exchanges and Clearing Limited and also a member of the Corporate Advisory Council of the Hong Kong Securities Institute.

Ms. Anna Wu, aged 52, is a qualified solicitor. She holds a Bachelor of Laws degree from the University of Hong Kong. She is currently a non-executive director of the Securities & Futures Commission and a non-executive director of the Mandatory Provident Fund Schemes Authority. Previously she was the chairperson of the Equal Opportunities Commission, chairperson of the Operations Review Committee of the Independent Commission Against Corruption, chairperson of the Consumer Council and a member of the Legislative Council.

Ms. Tommei Tong, aged 38, is Chief Financial Officer and an executive Director. Prior to joining TOM, she was a partner of Arthur Anderson & Co. in charge of the financial services practice in China. Prior to that, she was the Chief Financial Officer and the Chief Operating Officer of Ping An Insurance, China's second largest insurer and a financial conglomerate with diversified interests in securities and investments. Ms. Tong holds a Bachelor of Social Sciences Degree from the University of Hong Kong in 1986. She is also a Fellow of Chartered Association of Certified Accountants in the UK and an Associate of Hong Kong Society of Accountants.

- (e) Dealings in Shares may be settled through the CCASS, and investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangement and how such arrangements will affect their rights and interests.
- (f) Save as disclosed in this circular, the Directors are not aware of any person who was, as at the Latest Practicable Date, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including options in respect of such capital) carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries.

- (g) Save as disclosed in this circular:
- a. none of the Directors or expert of this appendix has any direct or indirect interest in any assets which have been, since 31 December 2002, the date to which the latest published audited financial results of the Company were made up, to the Latest Practicable Date, acquired or disposed of by or leased to any member of the TOM Group or are proposed to be acquired or disposed of by or leased to any member of the TOM Group; and
 - b. none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the TOM Group.
- (h) The English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at 48th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong during normal business hours on any weekday other than public holidays, up to and including 23 December 2003:

- (a) the Memorandum of Association and Articles of Association of the Company;
- (b) the prospectus dated 18 February 2000 of the Company;
- (c) the material contracts referred to in Appendix II;
- (d) the service contracts referred to in Appendix II;
- (e) the annual report of the Company for each of the years ended 31 December 2001 and 2002 and half-year report of the Company for the six months ended 30 June 2003;
- (f) each of the circulars of the Company since 1 January 2003;
- (g) a copy of the Subscription Agreement dated 6 November 2003 in relation to the Convertible Bonds;
- (h) a copy of the Trust Deed dated 28 November 2003 constituting the Convertible Bonds (which includes the form of the Global Certificate and the definitive Certificates); and
- (i) a copy of the paying and conversion agency agreement dated 28 November 2003 entered into between the Issuer, the Company, the Trustee, Deutsche Bank Luxembourg S.A. and Deutsche Bank AG, Hong Kong Branch in relation to the Convertible Bonds.