

Letterhead of The Stock Exchange of Hong Kong

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The Growth Enterprise Market & tom.com limited IPO

Growth Enterprise Market

The past year has seen rapid change in the Hong Kong economy. It has begun to emerge from recession. There has been a considerable growth in so-called e-businesses and i-businesses, sectors of the economy which scarcely existed 12 months ago. GEM is targeted at companies in these fast-evolving sectors.

The GEM market rules are designed to set out adequate standards in the market place. Formulating those rules requires a careful balancing of the interests of issuers and the interests of the investing public. Make those standards too onerous and companies will not be attracted to the market: too lax and investors will not be attracted to the market.

There are many international markets that would welcome the companies that the GEM is targeted at. It is therefore important that the GEM rules are comparable with those of other international markets.

tom.com limited

The company was listed on 1st March, 2000. The company raised around HK\$762 million in a placing and public offer of securities. Since listing the average daily turnover in the stock has been over HK\$1 billion per day. This listing has attracted considerable publicity and comment.

Waivers

None of the waivers granted are unique to the company, nor was it the first company to request these waivers. Each of the waivers granted is described in the company's prospectus so investors are aware of the waiver that has been granted. (See list attached)

We have recently agreed and published guidelines for granting waivers to enhance transparency.

Errors

It is regrettable that two errors occurred in the processing of the listing application. The omission of residential addresses for directors was corrected by publishing these details in a separate announcement.

The Exchange is committed to maintaining the highest standards and will work to improve its checking procedures.

Stock Code

Certain stock codes are seen as attractive. To capitalise on this the Exchange has offered these codes to issuers through a programme which has raised HK\$3 million for charity.

Stock code 8001 was offered to a number of listing candidates before it was offered to tom.com. Tom.com was the first company to express interest in the code.

Processing Time

The GEM Rules state that applications must be submitted 25 clear business days before the intended GEM Listing Committee hearing date.

The Exchange endeavours to process listing applications in less than 25 days. Up to the listing of tom.com about half the listing applications were processed in less than 25 days. Of these one was processed in 12 days and four others in 20 to 24 days. It should be noted that much of the processing on tom.com took place at a time when the market was comparatively quiet.

Conclusion

The GEM is a new market, catering for the fast-growing companies of the new economy. It is less than one year old. The first listing took place on November 25, 1999 and two companies were listed. Since then GEM has attracted 12 more listings.

Since publishing the GEM rules in August 1999 there have been two updates to the listing requirements in relation to the public float and accounting standards. The GEM rules will continue to develop in future. The Exchange is committed to working with the SFC and the market to ensure that the GEM rules continue to be relevant whilst providing an adequate standard of investor protection.

Summary of principal waivers granted in respect of the GEM Listing Rules as of 10 March 2000

Subject of Waiver granted (in chronological order)		Less than 2 years' track record	Change of control in past 2 years	Reduction of lock-up period	Relaxation of share option scheme limit to 50%	Connected transactions	Other technical waivers ³
SIIC Medical			√			√	
Qianlong							√
Far Eastern				√		√	√
T S Telecom						√	
China Data			√			√	√
Yuxing							√
Timeless							√
Fortune Tele.com						√	
Company A ¹					√		
Company B ²							√
Hongkong.com				√	√	√	
Vodatel				√		√	
Company C ²						√	√
Tom.com				√	√	√	
Sunevision						√	√
Company D ¹		√					

Notes

1. Listing application not yet approved but preliminary waiver request approved
2. Listing application approved but not yet listed
3. Other technical waivers granted include waiver relating to (a) stock borrowing arrangement to cover over-allocation during the placing; (b) latest accounts in the prospectus being more than 6 months from the date of the prospectus; (c) accounts for the latest financial year not being included in the prospectus; (d) requirement to set out the business objectives in a half-yearly basis; and (e) property revaluation deficit not reflected in accounts.