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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

**CONNECTED AND DISCLOSEABLE TRANSACTION
INVOLVING ISSUANCE OF NEW SHARES**

**Acquisition of interest in
上海美亞文化傳播有限公司**

(Shanghai Maya Cultural Transmission Company Limited)

The Board is pleased to announce that on 19th December, 2000, Green Treasure, a wholly-owned subsidiary of Tom, has entered into a Share Purchase Agreement with Marvel Path, under which, Green Treasure agrees to acquire the entire issued share capital of T Advertising and interest in shareholder's loan owing by T Advertising at a total consideration of USD21.97 million (approximately HKD171.366 million) which will be satisfied by way of issuance of 31,100,908 Tom Shares (credited as fully paid) at HKD5.51 per Tom Share to the Vendor. The Consideration Shares to be allotted and issued represent approximately 0.98% and approximately 0.97% of the Existing Capital and the Enlarged Capital respectively.

The Consideration Shares will be allotted and issued pursuant to the general mandate granted to the Directors by the shareholders of Tom on 11th February, 2000.

Based on the latest adjusted net tangible assets of Tom, the signing of the Share Purchase Agreement constitutes a discloseable transaction involving issuance of new Tom Shares under Chapter 19 of the GEM Listing Rules.

In addition, the Vendor is indirectly owned as to 40% by a wholly-owned subsidiary of HWL, 20% by a wholly-owned subsidiary of CKH and an aggregate of 40% by two wholly-owned subsidiaries of Cranwood. HWL, CKH and Cranwood are the substantial

shareholders of Tom and interested in approximately 29.37%, approximately 14.69% and approximately 29.37% of the Existing Capital. In view of the above, the Acquisition also constitutes a connected transaction of Tom under Chapter 20 of the GEM Listing Rules and is therefore conditional upon approval of the Independent Shareholders. An extraordinary general meeting of Tom will be convened to consider and approve the resolutions in connection with the Acquisition as soon as practicable. HWL, CKH, Cranwood (all being connected persons as defined under the GEM Listing Rules) and their respective associates will abstain from voting in respect of such resolutions.

An independent non-executive Director will advise the Independent Shareholders and an independent financial adviser will be appointed to advise the Independent Director in respect of the Acquisition.

A circular containing the details of the Acquisition, the advice of independent financial adviser and the recommendation of the Independent Director in respect of the Acquisition as well as the notice of an extraordinary general meeting of Tom will be despatched to the shareholders of Tom as soon as practicable.

THE ACQUISITION

On 19th December, 2000, a wholly-owned subsidiary of Tom has entered into the Share Purchase Agreement in respect of the acquisition of the entire issued share capital of, and interest in shareholder's loan owing by, T Advertising.

Share Purchase Agreement

Date: 19th December, 2000

Purchaser: Green Treasure, a wholly-owned subsidiary of Tom

Vendor: Marvel Path, which is indirectly owned as to 40% by a wholly-owned subsidiary of HWL, 20% by a wholly-owned subsidiary of CKH and an aggregate of 40% by two wholly-owned subsidiaries of Cranwood. HWL, CKH and Cranwood are the substantial shareholders of Tom and interested in approximately 29.37%, approximately 14.69% and approximately 29.37% of the Existing Capital.

Assets to be acquired

The entire issued share capital of T Advertising and interest in shareholder's loan owing by T Advertising as at Closing.

Major terms of the Share Purchase Agreement

- (a) The Vendor agrees to sell, transfer and assign to Green Treasure the entire issued share capital of T Advertising and all of its right, title and interest in the Sale Loan.
- (b) Before Closing, Maya Cultural shall have been converted into a Chinese-foreign equity joint venture, with T Advertising and Maya Audio each holding 50% of its equity interests or obtaining a 50% economic interest and benefit.
- (c) On each of the dates when T Advertising is required to pay the two further amounts of USD7.5 million each to Maya Audio under the Framework Agreement (or definitive documents replacing it), the Vendor shall pay a sum of USD7.5 million to Green Treasure or any other entity as Green Treasure may designate in writing (which would be an entity within Tom Group).

Framework Agreement

In June, 2000, T Advertising, Maya Audio and Yongli have entered into the Framework Agreement, under which, T Advertising agreed to acquire a 50% equity interest (40% equity interest from Maya Audio and 10% equity interest from Yongli) in or 50% economic interest and benefit of Maya Cultural from Maya Audio and Yongli for a total consideration of USD21,970,000 payable in three portions. The first portion of USD6.97 million has been paid by T Advertising in June, 2000. The second portion of USD7.5 million (approximately HKD58.5 million) shall be paid to Maya Audio within 12 months from 30th June, 2000 and the last portion of USD7.5 million shall be paid to Maya Audio within 18 months from 30th June, 2000.

Consideration

The total consideration payable by Green Treasure for the Acquisition is USD21.97 million (approximately HKD171.366 million), which will be satisfied by way of procuring the issuance by Tom of a total of 31,100,908 Tom Shares (credited as fully paid) at HKD5.51 per Tom Share (representing a premium of approximately 122.63% to the closing price of HKD2.475 per Tom Share as quoted on the Stock Exchange on 18th December, 2000 and a premium of approximately 102.57% to the average closing price of HKD2.72 per Tom Share of the 10 consecutive trading days (including 18th December, 2000) before the date of the Share Purchase Agreement as quoted on the Stock Exchange), representing approximately 0.98% and approximately 0.97% of the Existing Capital and the Enlarged Capital respectively, to the Vendor.

The Consideration will be divided into two portions:

- (1) the First Portion shall be an amount equivalent to USD6.97 million, which shall be satisfied by the allotment and issuance of 9,866,788 Tom Shares (representing approximately 0.31% and approximately 0.31% of the Existing Capital and the Enlarged Capital respectively) to and in the name of the Vendor on the Closing Date; and

- (2) the Second Portion shall be USD15 million, to be satisfied by the allotment and issuance of 21,234,120 Tom Shares (representing approximately 0.67% and approximately 0.67% of the Existing Capital and the Enlarged Capital respectively) to and in the name of the Vendor and deposited into the Escrow Account on the Closing Date. The number of the Tom Shares representing the Second Portion shall be adjusted in accordance with terms of the Escrow Agreement as described below.

The Consideration was arrived at after arm's length negotiations based on Tom's internal evaluation of the potential of Maya Cultural and the expected synergy Maya Cultural will have with the rest of Tom Group.

Escrow Agreement

Green Treasure, the Vendor and the Escrow Agent shall prior to or simultaneously with the Closing enter into the Escrow Agreement with respect to the custody of the Second Portion of the Consideration Shares, the general terms of which shall include the following:

- (a) After the Vendor has paid the first sum of USD7.5 million to Green Treasure as mentioned above, Green Treasure shall instruct and procure the Escrow Agent to release and deliver to the Vendor 10,617,060 of the Consideration Shares held in the Escrow Account on the date of such payment or on such date as the Vendor may agree. If the Vendor fails to pay any part or all of such first sum of USD7.5 million, such number of Consideration Shares held in the Escrow Account shall be sold and an amount of sale proceeds equivalent to such unpaid amount shall be paid to Green Treasure;
- (b) After the Vendor has paid the second sum of USD7.5 million to Green Treasure as mentioned above, Green Treasure shall instruct and procure the Escrow Agent to release and deliver to the Vendor all remaining Consideration Shares and cash, if any, held in the Escrow Account on the date of such payment or on such date as the Vendor may agree. If the Vendor fails to pay any part or all of such second sum of USD7.5 million, such number of Consideration Shares held in the Escrow Account shall be sold and an amount of sale proceeds equivalent to such unpaid amount shall be paid to Green Treasure;
- (c) If the aggregate amount of the sale proceeds of the Consideration Shares under paragraphs (a) and (b) is insufficient to cover the unpaid amount described above, Green Treasure shall notify the Vendor in writing of such shortfall and the Vendor shall pay to Green Treasure in full, without deduction or set-off, an amount equivalent to such shortfall. If there is any shortfall, Tom will inform its shareholders by way of announcement and disclosure in the accountants report.

Lock-up period and sale restrictions

- (a) The Vendor may only Sell any of the First Portion of the Consideration Shares six months after the Closing Date.

- (b) The Vendor may only Sell any of the Second Portion of the Consideration Shares six months after the date on which the relevant shares are released to the Vendor by the Escrow Agent (as described in the paragraph headed “Escrow Agreement”).
- (c) Subject to paragraphs (a) and (b) above, the aggregate number of Consideration Shares subject to any Sales by the Vendor on any day may not exceed one percent of the total Consideration Shares already issued and released to the Vendor from time to time.
- (d) If the Vendor does not Sell the maximum permitted amount of the Consideration Shares on any particular day as set forth above, the amount not Sold shall not accrue to the amount permitted to be Sold on any subsequent day.

Conditions precedent

The Closing is subject to, inter alia, the following conditions precedent (any of which may be waived by Green Treasure, except that waiver of items (b), (e) or (f) shall require the Vendor’s consent) having been fulfilled prior to, or simultaneously with, the Closing: –

- (a) The due execution of documents for the Investment (including letter of intent, joint venture contract, articles of association and a new joint feasibility study with respect to Maya Cultural between T Advertising, Maya Audio and Yongli), the conversion of Maya Cultural into a Chinese-foreign equity joint venture (the “Conversion”), and the Investment being duly completed on terms and conditions satisfactory to Green Treasure;
- (b) The execution of the Escrow Agreement setting out the escrow arrangements with respect to the Second Portion of the Consideration Shares;
- (c) Green Treasure is satisfied with the results of a due diligence exercise conducted with respect to the affairs and business operations of T Advertising and Maya Cultural;
- (d) Each of T Advertising and Maya Cultural has obtained all necessary third party consents (governmental or otherwise) and has served all third party notices that are relevant for the purposes of effecting the sale and purchase of the Sale Share and the Sale Loan under the terms and condition of the Share Purchase Agreement and the Investment;
- (e) Tom shall have satisfied all procedural and approval requirements under the GEM Listing Rules necessary to enter into the Share Purchase Agreement and to effect and complete all transactions contemplated therein;
- (f) The Listing Committee of GEM shall have granted the listing of and permission to deal in all of the Consideration Shares;

- (g) All relevant approvals, rights, licenses, permits and authorizations which are necessary for (i) the business operations of Maya Cultural (and, in particular, to permit Maya Cultural to engage in the design, production, dissemination and provision of agency services with respect to all types of domestic and foreign advertisements), (ii) the Investment, and (iii) the Conversion have been obtained; and
- (h) The PRC legal counsel of the Vendor has issued a legal opinion with respect to the Investment and the Conversion that is satisfactory to Green Treasure.

Closing

The Closing shall take place on the third business day after the date of the fulfilment or waiver of all Conditions Precedent required to be fulfilled before Closing on or before 20th June, 2001 or such other date as Green Treasure and the Vendor may otherwise agree.

Information on Maya Cultural

Established in 1999, Maya Cultural is an outdoor advertising company which apart from serving as an advertising agency for Maya Group's chain of audio shops, currently engages in the construction of various outdoor media assets. These assets include around 4,000 units of bicycle shelter advertising space in both residential and commercial districts and over 1,200 units "110" police reporting light boxes. These are all unique outdoor advertising channels in Shanghai. Maya Cultural plans to establish the largest advertising outdoor network in Shanghai and expand into other major cities including Beijing, Dalian, Chengdu, Shenzhen and Jilin. Maya Cultural had no revenue in 1999 and 2000. It is expected that the projected net revenue for 2001 is approximately RMB58.6 million based on the advertising space which Maya Cultural can lease and sell in the year.

Maya Cultural recorded an audited loss of approximately HKD0.66 million for the financial year ended 31st December, 1999 and an unaudited loss of approximately HKD1.28 million for the 11 months ended 30th November, 2000. As at 31st December, 1999 and 30th November, 2000, the net tangible assets of Maya Cultural were approximately HKD9 million and approximately HKD7.7 million, respectively.

T Advertising was incorporated in March, 2000 and is a single purpose company which is to hold an interest in Maya Cultural and has entered into the Framework Agreement. Upon closing of the Investment, it will own 50% equity interest in Maya Cultural.

Reasons for entering into the Share Purchase Agreement

The Directors consider that Maya Cultural is more than an added media to Tom's array of online and offline media assets. In addition to Shanghai Maya Online Broadband Network Company Limited which is owned as to 50% by Tom Group, 35% by Maya Audio and 15% by 上海信息產業有限公司 (Shanghai Information Industry Company Limited), Maya Cultural will enhance Tom's presence in Shanghai, gaining further inroads in Shanghai's

advertising market, where its flourishing business activities presents great commercial needs for various advertising services. These strong advertising properties offer Tom distinct advantage and at the same time add further strength to the existing outdoor media network already represented by Tom's interests in Kunming Fench Star Information Industry Limited, the acquisition of which is yet to be completed. Tom is best positioned to strengthen its foothold as a leading player in the PRC's huge advertising market.

Discloseable and connected transaction

Based on the adjusted net tangible assets of Tom as at 30th September, 2000, the Acquisition constitutes a discloseable transaction of Tom under the GEM Listing Rules.

In addition, the Vendor is indirectly owned as to 40% by a wholly-owned subsidiary of HWL, 20% by a wholly-owned subsidiary of CKH and an aggregate of 40% by two wholly-owned subsidiaries of Cranwood. HWL, CKH and Cranwood are the substantial shareholders of Tom and interested in approximately 29.37%, approximately 14.69% and approximately 29.37% of the Existing Capital respectively. In view of the above, the Acquisition also constitutes a connected transaction of Tom under Chapter 20 of the GEM Listing Rules and is therefore conditional upon approval of the Independent Shareholders. An extraordinary general meeting of Tom will be convened to consider and approve the resolutions in connection with the Acquisition as soon as practicable. HWL, CKH, Cranwood (all being connected persons as defined under the GEM Listing Rules) and their respective associates will abstain from voting in respect of such resolutions.

An independent non-executive Director will advise the Independent Shareholders and an independent financial adviser will be appointed to advise the Independent Director in respect of the Acquisition.

A circular containing the details of the Acquisition, the advice of independent financial adviser and the recommendation of the Independent Director in respect of the Acquisition as well as the notice of an extraordinary general meeting of Tom will be despatched to the shareholders of Tom as soon as practicable.

Tom will in accordance with the GEM Listing Rules make an application to the Listing Committee of GEM for the listing of and permission to deal in the Consideration Shares to be issued under the Acquisition.

General

The Consideration Shares will be allotted and issued pursuant to the general mandate granted to the Directors by the shareholders of Tom on 11th February, 2000 which will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of Tom, (ii) the expiration of the period within which the next annual general meeting of Tom is required by the articles of association of Tom or applicable law to be held; or (iii) the passing of an

ordinary resolution of the shareholders of Tom in general meeting revoking, varying or renewing such mandate. In the event that the completion of the Acquisition does not take place before the expiration of the aforesaid general mandate, the Consideration Shares will still be allotted and issued pursuant to the existing general mandate granted to the Directors by the shareholders of Tom on 11th February, 2000. As at the date of this announcement, before taking into account the Consideration Shares, an outstanding of 369,966,179 Tom Shares may be allotted and issued pursuant to the aforesaid general mandate granted to the Directors.

The Directors consider that the Share Purchase Agreement is entered into on normal commercial terms in the ordinary and usual course of business of Tom Group and that the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the Tom Group so far as the shareholders are concerned.

Tom Group is engaged in the operation of an Internet portal delivering Internet infotainment content and services, development of software and computer network systems, provision of related services and event production.

DEFINITIONS

“Acquisition”	means the acquisition by Green Treasure from the Vendor of the Sale Share and the right, interest and title in the Sale Loan pursuant to the Share Purchase Agreement
“Board”	means the board of Directors of Tom
“BVI”	means the British Virgin Islands
“CKH”	means Cheung Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong and is a substantial shareholder of Tom
“Closing Date”	means the date of the Closing
“Closing”	means the closing of the Acquisition under the Share Purchase Agreement, which shall take place on the third business day after the date of fulfilment or waiver of all the Conditions Precedent required to be fulfilled before Closing on or before 20th June, 2001, or such other date as Green Treasure and the Vendor may agree
“Conditions Precedent”	means the conditions precedent which Closing is subject to, as mentioned in the section “Conditions precedent” above

“Consideration Shares”	means the 31,100,908 Tom Shares to be allotted and issued to the Vendor pursuant to the Share Purchase Agreement on the Closing Date
“Consideration”	means the total consideration payable by Green Treasure to the Vendor for the Acquisition
“Cranwood”	means Cranwood Company Limited, a company incorporated under the laws of Liberia and controlled by Ms. Chau Hoi Shuen. Cranwood is a substantial shareholder of Tom through Schumann International Limited and Handel International Limited
“Director(s)”	means the director(s) of Tom
“Enlarged Capital”	means 3,190,491,807 Tom Shares in issue upon the Closing
“Escrow Account”	means an account to be maintained by the Escrow Agent for the purposes of holding the Second Portion of the Consideration Shares
“Escrow Agent”	means an escrow agent to be designated by Green Treasure and agreed by the Vendor
“Escrow Agreement”	means an escrow agreement to be entered into among Green Treasure, the Vendor and the Escrow Agent with respect to the custody of Second Portion of the Consideration Shares
“Existing Capital”	means 3,159,390,899 Tom Shares in issue as at 19th December, 2000
“First Portion”	means USD6.97 million, which shall be satisfied by the allotment and issuance of 9,866,788 of the Consideration Shares to and in the name of the Vendor at Closing
“Framework Agreement”	means the framework agreement dated 14th June, 2000 (and supplemented) entered into between T Advertising, Maya Audio and Yongli, as extended, pursuant to which the parties have agreed to the principle terms for the acquisition by T Advertising of a 50% equity interest in or 50% economic interest of Maya Cultural from Maya Audio and Yongli
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange

“GEM”	means the Growth Enterprise Market of the Stock Exchange
“Green Treasure”	means Green Treasure Holdings Limited, a limited liability company incorporated under the laws of BVI and a wholly-owned subsidiary of Tom
“HKD”	means Hong Kong dollars
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“HWL”	means Hutchison Whampoa Limited, a company incorporated under the laws of Hong Kong and is a substantial shareholder of Tom
“Independent Director”	means an independent non-executive Director who will advise the Independent Shareholders in relation to the Acquisition
“Independent Shareholders”	means the shareholders of Tom (other than HWL, CKH, Cranwood and their respective associates) who do not have any interest in the Acquisition other than as shareholders of Tom
“Investment”	means the acquisition by T Advertising of a 50% equity interest in or 50% economic interest of Maya Cultural from Maya Audio and Yongli pursuant to the Framework Agreement
“Marvel Path”	means Marvel Path Limited, a limited liability company incorporated under the laws of BVI
“Maya Audio”	means上海美亞音像有限公司(Shanghai Maya Audio Video Company Limited), a limited liability company organized and existing under the laws of the PRC, which owns a 90% equity interest in Maya Cultural. Maya Audio is a state-owned enterprise and is independent from the Directors or chief executive or substantial shareholders or management shareholders of Tom or any of their respective associates
“Maya Cultural”	means上海美亞文化傳播有限公司(Shanghai Maya Cultural Transmission Company Limited), a domestic joint venture company established under the laws of the PRC. As at the date of the Share Purchase Agreement, Maya Cultural is owned as to 90% by Maya Audio and 10% by Yongli

“PRC”	means the People’s Republic of China
“Sale Loan”	means the shareholder’s loan in the sum of USD6.97 million owing by T Advertising to Marvel Path as at Closing, which is repayable upon demand
“Sale Share”	means the entire issued share capital of T Advertising
“Second Portion”	means USD15 million, which will be satisfied by the allotment and issuance of 21,234,120 of the Consideration Shares to and in the name of the Vendor and deposited into the Escrow Account at Closing
“Sell” or “Sale” or “Sold”	in respect of any Consideration Shares, means sell, transfer, mortgage, pledge, lend or otherwise dispose of
“Share Purchase Agreement”	means the share purchase agreement dated 19th December, 2000 entered into among Green Treasure and the Vendor
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“T Advertising”	means T Advertising Limited, a limited liability company incorporated under the laws of BVI and is a wholly-owned subsidiary of Marvel Path
“Tom Group”	means Tom and its subsidiaries
“Tom Share(s)”	means share(s) of par value of HKD0.10 each in the capital of Tom
“Tom”	means TOM.COM LIMITED
“Vendor”	means Marvel Path
“Yongli”	means 上海永利商業開發公司 (Shanghai Yongli Commercial Developments Company Limited), a domestic limited liability company organized and existing under the laws of the PRC, which owns a 10% equity interest in Maya Cultural. Yongli is a state-owned enterprise and is independent from the Directors or chief executive or substantial shareholders or management shareholders of Tom or any of their respective associates

USD1 = HKD7.8

By Order of the Board
TOM.COM LIMITED
Angela Mak
Company Secretary

Hong Kong, 19th December, 2000

This announcement, for which the Directors of Tom collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Tom. The Directors of Tom, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: – (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statements in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com on the ‘Latest Company Announcements’ page for 7 days from the date of its posting and on the website of Tom at www.tom.com.