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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

SUPPLEMENTAL AGREEMENT TO THE SHARE PURCHASE AGREEMENT IN RESPECT OF THE FENCH STAR ACQUISITION

The Board announces that on 2nd March, 2001, the parties to the Share Purchase Agreement have entered into the Supplemental Agreement to supplement and vary certain terms and conditions of the Share Purchase Agreement.

Reference is made to the Announcement and the Circular of Tom in respect of the Fench Star Acquisition. Terms used herein shall have the same meanings as defined in the Announcement and the Circular, unless the context otherwise requires.

BACKGROUND

Pursuant to the Announcement and the Circular of Tom in respect of the Fench Star Acquisition, it was announced that Hitech Profits, a wholly-owned subsidiary of Tom, has entered into a Share Purchase Agreement with Dynamic and Mr. Li who are independent third parties, under which, Hitech Profits agrees to purchase the entire share capital of World Focus, which shall on the Closing Date hold a 49% equity interest in Fench Star and will be granted an exclusive right to purchase the entire issued equity interest in Fench Consultancy, which holds the other 51% equity interest in Fench Star, at an exercise price equivalent to the entire registered capital of Fench Consultancy.

The Consideration for the Fench Star Acquisition is RMB278,610,000 (approximately HKD262,839,622) which will be satisfied by way of issuance of 47,702,290 Tom Shares (credited as fully paid) at HKD5.51 per Tom Share to the Vendor. In addition, pursuant to the Incentive Shares Agreement to be entered into between Hitech Profits and the Vendor prior to or simultaneously with the Closing, an equivalent of RMB33,890,000 (approximately

HKD31,971,698) which will be satisfied by way of issuance of 5,802,486 Tom Shares (credited as fully paid) at HKD5.51 per Tom Share to the Vendor for incentive purposes and as, inter alia, security for certain agreed guaranteed profits.

The Consideration Shares to be allotted and issued represent approximately 1.51% and approximately 1.48% of the Existing Capital and the Enlarged Capital respectively. The Incentive Shares to be allotted and issued represent approximately 0.18% and approximately 0.18% of the Existing Capital and the Enlarged Capital respectively.

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

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Board announces that on 2nd March, 2001, in order to expedite the completion of the acquisition and to enable the parties to finalise their integration and management control process without further delay, the parties have now agreed to enter the Supplemental Agreement, whereby the parties agree to supplement and vary certain terms and conditions of the Share Purchase Agreement.

Under the Supplemental Agreement, one of the major terms is that the completion of the transfer of the 49% equity interest in Fench Star from Guojia Technology to World Focus as contemplated in the Equity Interest Transfer Contract and the conversion of Fench Star into an equity joint venture, in which World Focus holds 49% equity interest will no longer be made conditions precedent to Closing. Instead, this will be replaced by the relevant parties having executed and delivered the Loan Agreements, Equity Interest Pledge Contracts, Guojia Technology Option Contract, Deeds of Trust, Fench Star Option Contract and the Service Agreement and that all relevant documents having been duly registered and filed with, and approved by the relevant government authorities (if necessary).

Further details of the Supplemental Agreement are as set out below.

SUPPLEMENTAL AGREEMENT

Date: 2nd March, 2001

Parties: (1) Hitech Profits
(2) Dynamic
(3) Mr. Li

Major terms of the Supplemental Agreement

- (1) the parties agree that items (a)(i) and (ii) which relates to execution of the Equity Interest Transfer Contract and the Onshore Definitive Documents and item (b) which relates to the completion of the transfer of the 49% equity interest in Fench Star from Guojia Technology to World Focus as contemplated in the Equity Interest Transfer Contract and the conversion of Fench Star into an equity joint venture, in which World Focus holds 49% equity interest (under the section headed “Conditions precedent” in the Circular) will no longer be conditions precedent to Closing and replacing the same by “the due execution by the relevant parties and delivery of the Loan Agreements, Equity Interest Pledge Contracts, Guojia Technology Option Contract, Deeds of Trust, Fench Star Option Contract and the Service Agreement and that all relevant documents have been duly registered and filed with, and approved by the relevant government authorities (if necessary)”’;
- (2) Dynamic and Mr. Li shall jointly and severally undertake that after Closing, they shall use their best endeavours, to sign all documents and do all necessary acts, in accordance with the instruction of Hitech Profits, so as to enable Tom to ultimately have a direct or indirect 49% equity interest in Fench Star and to convert Fench Star into a Chinese-foreign equity joint venture;
- (3) Mr. Li agrees to enter into, and Dynamic and Mr. Li jointly and severally agree to procure that Mr. Yang shall enter into, the following documents:—
 - (a) Loan Agreements;
 - (b) Equity Interest Pledge Contracts;
 - (c) Guojia Technology Option Contract; and
 - (d) Deeds of Trust.

All these agreements have been entered into simultaneously with the Supplemental Agreement.

- (4) Mr. Li shall, and Mr. Li and Dynamic jointly and severally agree to procure that Mr. Yang shall, at any time upon the request of Hitech Profits, sell all their respective equity interests in Guojia Technology to a nominee designated by Hitech Profits and to sign all necessary documents and do all necessary acts to complete and effect such transfers. Mr. Li agrees, and Dynamic and Mr. Li jointly and severally agree to procure that Mr. Yang shall, waive their respective pre-emptive rights in relation to the transfer of the equity interests in Guojia Technology;

- (5) Mr. Li and Dynamic jointly and severally agree to procure Guojia Technology and Fench Consultancy to enter into the Fench Star Option Contract with World Focus whereby World Focus will be granted an exclusive right to purchase from Guojia Technology up to a 49% equity interest in Fench Star. The Fench Star Option Contract has been entered into simultaneously with the Supplemental Agreement;
- (6) Mr. Li and Dynamic jointly and severally agree to procure that Fench Star enters into the Service Agreement with Shanghai Super Channel whereby the economic benefit of Fench Star flows to Shanghai Super Channel. The Service Agreement has been entered into simultaneously with the Supplemental Agreement;
- (7) The parties agree to amend the Share Purchase Agreement by replacing all references to “Closing Date” (being no later than 31st March, 2001 or such other date as Hitech Profits, Dynamic and Mr. Li may agree) as specified in the section headed “Adjustments to the Consideration” in the Circular with “31st December, 2000”, and furthermore item (iv) of paragraph (a) under the same section shall be amended so that if the net asset amount of Fench Star as at 31st December, 2000 determined by an internationally recognised accounting firm appointed by Hitech Profits within six months from 31st December, 2000 is less than RMB19.8 million (approximately HKD19 million) (instead of RMB68 million (approximately HKD64.2 million) as stated in the Circular), then the difference between the net asset amount determined by the accounting firm and RMB19.8 million (approximately HKD19 million) shall be the Adjustment Amount and deducted from the Consideration;
- (8) The parties agree to amend the Share Purchase Agreement by replacing all references to “Closing Date” as specified in the section headed “Lock-up period” in the Circular with “31st December, 2000”;
- (9) The parties agree to revise the amounts of after-tax net profits of Fench Star as stated in items (i), (ii) and (iii) of paragraph (f) and paragraph (g) under the section headed “Incentive Shares Agreement” in the Circular as follows:–

Item no.	Original amount	Revised amount
(f)(i)	RMB33 million (approximately HKD31 million)	RMB48.2 million (approximately HKD45 million)
(f)(ii)	RMB66 million (approximately HKD62 million)	RMB83.2 million (approximately HKD78 million)
(f)(iii)	RMB100 million (approximately HKD94 million)	RMB117.2 million (approximately HKD111 million)
(g)	RMB100 million (approximately HKD94 million)	RMB117.2 million (approximately HKD111 million)

The amendment to the net asset amount referred to in paragraph (7) above arises from the amendment to the references to “Closing Date” as specified in the section headed “Adjustments to the Consideration” in the Circular and at the same time, an adjustment has also been made to the after-tax profits of Fench Star as set out in this paragraph (9).

- (10) The parties further agree that after Closing, in the event Fench Star is further re-organised as contemplated in paragraph (2) above, all relevant provisions applicable to Incentive Shares stipulated in the Share Purchase Agreement, the Supplemental Agreement and the Incentive Shares Agreement shall be modified in such a way that the principles and the incentive purposes for the issuance of the Incentive Shares shall be upheld and that the existing arrangements in relation to the Incentive Shares shall be adopted as closely as possible so that Hitech Profits will not suffer any economic loss after the re-organisation; and
- (11) The parties agree to deem the completion of the acquisition occurring on 31st December, 2000 if all the conditions precedent to Closing are either satisfied or waived and the parties decide to proceed with Closing of the acquisition.

Save as aforesaid, the terms and conditions of the Share Purchase Agreement remain unchanged.

GENERAL

As at the date hereof, save for the listing approval from the Stock Exchange for the listing of and permission to deal with the Consideration Shares and Incentive Shares and items (a)(v), (a)(viii), (c), (e), (f), (g), (h), (l), (n), (o) and (q) under the section headed “Conditions precedent” in the Circular which will be fulfilled at Closing (in any event no later than 31st March, 2001 or such other date as Hitech Profits, Dynamic and Mr. Li may agree), all conditions precedent set forth in the Share Purchase Agreement and the Supplemental Agreement have been fulfilled. Tom has made an application to the Listing Committee of GEM for the listing of and permission to deal in the Consideration Shares and Incentive Shares to be issued under the Fench Star Acquisition.

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

Upon Closing, Fench Star is to be treated as a wholly-owned subsidiary of Tom for accounting purposes.

DEFINITIONS

- “Announcement” means the announcement of Tom dated 8th December, 2000
- “Circular” means the circular of Tom dated 29th December, 2000
- “Deeds of Trust” means the two deeds of trust executed by each of Mr. Li and Mr. Yang in favour of World Focus on 2nd March, 2001, pursuant to which, Mr. Li and Mr. Yang declare that they are holding the equity interest in Guojia Technology on trust for World Focus
- “Equity Interest Pledge Contracts” means the two pledge agreements entered into by World Focus with each of Mr. Li and Mr. Yang on 2nd March, 2001, pursuant to which, each of Mr. Li and Mr. Yang agrees to pledge all of his respective equity interest in Guojia Technology to World Focus as a guarantee for the performance of their obligations under the Loan Agreements, the Guojia Technology Option Contract and Guojia Technology’s obligations under the Fench Star Option Contract
- “Enlarged Capital” means the enlarged share capital of Tom, being 3,218,949,675 Tom Shares in issue upon Closing
- “Existing Capital” means the existing share capital of Tom, being 3,165,444,899 Tom Shares in issue as at 2nd March, 2001
- “Fench Star Option Contract” means an exclusive right to purchase contract entered into between World Focus, Guojia Technology and Fench Consultancy on 2nd March, 2001, under which, inter alia, World Focus was granted an irrevocable exclusive right to purchase from Guojia Technology up to a 49% equity interest in Fench Star at an exercise price equivalent to RMB5.39 million (approximately HKD5.08 million), being the 49% of the total registered capital of Fench Star and Fench Consultancy agrees to waive its pre-emptive rights when World Focus exercises its right to purchase the 49% equity interest in Fench Star from Guojia Technology. The rights and obligations under this option contract are mutually exclusive to those under Guojia Technology Option Contract

“Guojia Technology
Option Contract”

means an exclusive right to purchase contract entered into between World Focus, Mr. Li and Mr. Yang on 2nd March, 2001, under which, World Focus was granted an irrevocable exclusive right to purchase from Mr. Li and Mr. Yang up to a 100% equity interest in Guojia Technology at the exercise prices equivalent to RMB4,042,500 (approximately HKD3.8 million) (in the case of Mr. Li) and RMB1,347,500 (approximately HKD1.27 million) (in the case of Mr. Yang), being the amount equal to the total registered capital of Guojia Technology. The rights and obligations under this option contract are mutually exclusive to those under Fench Star Option Contract

“Loan Agreements”

means the two loan agreements entered into by World Focus with each of Mr. Li and Mr. Yang on 2nd March, 2001 whereby World Focus agrees to provide foreign currency loans in the sums equivalent of RMB4,042,500 (approximately HKD3.8 million) and RMB1,347,500 (approximately HKD1.27 million) to Mr. Li and Mr. Yang respectively at an interest rate of 6.5% per annum for the sole purpose of funding Fench Star to develop its business through the shareholder’s loan from Guojia Technology. The loans are repayable on demand. Upon Closing, these Loan Agreements will remain with World Focus, at which time will be a wholly owned subsidiary of Hitech Profits

“Mr. Yang”

means Mr. Yang Zhenkun, a person independent from the Directors or chief executive or substantial shareholders or management shareholders of Tom or Tom’s subsidiaries or any of their respective associates. As at 2nd March, 2001, Mr. Yang owns 25% equity interest in Guojia Technology

“Service Agreement”

means the service agreement entered into between Fench Star and Shanghai Super Channel on 2nd March, 2001, under which, Shanghai Super Channel agrees to provide technical services to Fench Star at a service fee based on the actual amount of services to be provided by Shanghai Super Channel and invoiced to Fench Star from time to time

“Shanghai Super Channel”

means Shanghai Super Channel Network Limited, a company incorporated in the PRC and a wholly-owned subsidiary of Tom

“Supplemental Agreement”

means a supplemental agreement entered into between Hitech Profits, Dynamic and Mr. Li on 2nd March, 2001 to supplement and vary certain terms and conditions of the Share Purchase Agreement

“Tom”

means TOM.COM LIMITED

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

Hong Kong, 2nd March, 2001

This announcement, for which the Directors of Tom collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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.