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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

SHARE TRANSACTION

in respect of

the acquisition of 50% of the equity interest in an outdoor media advertising company to be established in the People's Republic of China

The Board is pleased to announce that on 28th January, 2002, TOM Outdoor Media, a wholly-owned subsidiary of TOM, has entered into the Agreement with certain independent third parties, under which and subject to the terms and conditions thereof, TOM Outdoor Media agrees to acquire, through the Equity Transfer and the Share Acquisition, an aggregate of 50% of the equity interest in Chunyu PRC Co., an outdoor advertising company to be established in the PRC for an aggregate consideration of RMB51,403,064 (approximately HKD48,493,457) (subject to adjustment).

RMB14,572,000 (approximately HKD13,747,170) (subject to adjustment), being approximately 28% of the Consideration, will be satisfied by cash; and RMB36,831,064 (approximately HKD34,746,287) (subject to adjustment), being approximately 72% of the Consideration, will be satisfied by way of issuance and allotment of 6,306,041 Consideration Shares (representing approximately 0.19% of the Existing Capital and 0.19% of the Enlarged Capital) (credited as fully paid) at HKD5.51 per TOM Share.

In view of the Consideration including the issuance of the Consideration Shares and based on the adjusted net tangible assets of TOM as at 30th September, 2001, the Chunyu Acquisition constitutes a share transaction of TOM under Chapter 19 of the GEM Listing Rules.

THE AGREEMENT

Date: 28th January, 2002

Parties:

- (1) TOM Outdoor Media
- (2) Mr. Ou-Yang
- (3) Chunyu

Assets to be acquired

50% of the equity interest in Chunyu PRC Co., which will be acquired by TOM Outdoor Media through the Equity Transfer and the Share Acquisition.

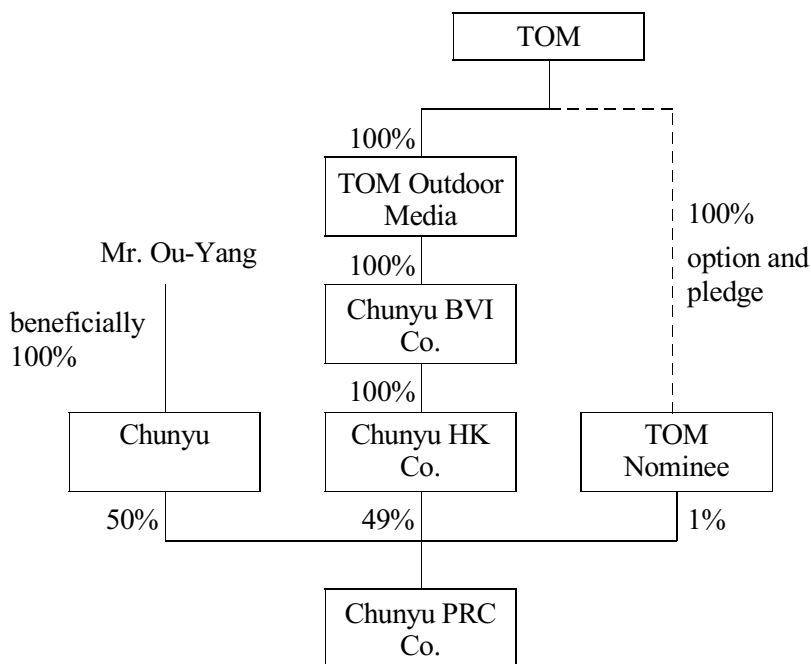
Major terms of the Agreement

- (i) Mr. Ou-Yang will establish Chunyu PRC Co. with a registered capital of RMB9 million (approximately HKD8.5 million) (which will be fully paid by Mr. Ou-Yang and Chunyu) in the PRC within 20 days from the date of the Agreement. When established, Chunyu PRC Co. will be owned by Chunyu and Mr. Ou-Yang or other companies controlled by Mr. Ou-Yang. Chunyu PRC Co. will engage in the business of design, production and distribution of domestic and foreign advertisements (including, without limitation, outdoor advertisements);
- (ii) upon the establishment of Chunyu PRC Co., each of Chunyu and Mr. Ou-Yang will transfer to Chunyu PRC Co. all advertising business/assets owned by it/him as at the date of the Agreement;
- (iii) at the completion of the Asset Acquisition, Chunyu PRC Co. will enter into the Consultancy Agreement with TOM Consultant whereby TOM Consultant will provide certain management consultancy services (such as financial control systems which will assist with the integration of Chunyu into the TOM Group) to Chunyu PRC Co. for a term commencing from the date of the Consultancy Agreement and terminating on the date of Completion at a service fee of an amount equal to 50% of the after-tax profits of Chunyu PRC Co. during the term of the Consultancy Agreement;
- (iv) Mr. Ou-Yang will, within 30 days from the date of the Agreement, establish Chunyu BVI Co. to be wholly-owned by him and Chunyu BVI Co. will in turn establish Chunyu HK Co. to be wholly-owned by it;
- (v) after the establishment of Chunyu BVI Co., Mr. Ou-Yang will transfer or procure the transfer of 49% of the equity interest in Chunyu PRC Co. to Chunyu HK Co., whereupon Mr. Ou-Yang shall procure that Chunyu PRC Co. be converted from a PRC domestic entity to a sino-foreign equity joint venture enterprise;
- (vi) TOM Nominee will acquire 1% of the equity interest in Chunyu PRC Co. from Mr. Ou-Yang or his nominee, whereupon, Chunyu PRC Co. will be owned as to 50% by Chunyu, as to 49% by Chunyu HK Co. and as to 1% by TOM Nominee; and

(vii) TOM Outdoor Media or its nominee will acquire the entire issued share capital of Chunyu BVI Co. from Mr. Ou-Yang at Completion. Immediately after Completion, the board of directors of Chunyu PRC Co. would consist of 5 members of which 3 shall be indirectly nominated by TOM Outdoor Media and the remaining 2 shall be nominated by Chunyu.

The Equity Transfer and the Share Acquisition are conditional upon each other.

Shareholding structure of Chunyu PRC Co. immediately after Completion



It is intended that Chunyu PRC Co. will become a subsidiary of TOM however this is subject to the confirmation from the auditors.

Consideration

Subject to adjustments as described in the section headed “Adjustment of Consideration” below, the aggregate consideration for the Share Acquisition and the Equity Transfer is RMB51,403,064 (approximately HKD48,493,457), of which,

- (a) RMB14,572,000 (approximately HKD13,747,170), being approximately 28% of the Consideration, will be satisfied by cash. The Cash Consideration will be paid within 10 business days from the date of the Agreement and will be funded by internal resources of TOM; and
- (b) RMB36,831,064 (approximately HKD34,746,287), being approximately 72% of the Consideration, will be satisfied by way of issuance and allotment of 6,306,041 Consideration Shares (representing approximately 0.19% of the Existing Capital and 0.19% of the Enlarged Capital) (credited as fully paid) at HKD5.51 per TOM Share. The price per Consideration Share represents a premium of approximately 55.21% to the

closing price of HKD3.55 per TOM Share as quoted on the Stock Exchange on 28th January, 2002 (date of the Agreement) and a premium of approximately 46.93% to the average closing price of HKD3.75 per TOM Share of 10 consecutive trading days (including 28th January, 2002) before and including the date of the Agreement as quoted on the Stock Exchange). The price per Consideration Share was arrived at based on arm's length negotiations and the price being acceptable by Mr. Ou-Yang and Chunyu.

Subject to the fulfillment of all the conditions precedent (as described in the Agreement), the Consideration Shares will be issued to Mr. Ou-Yang and/or his nominee(s) within 30 days from the date of issue of the audited accounts of Chunyu PRC Co. for the year ending 31st December, 2002.

The Consideration was arrived at after arm's length negotiations based on TOM's internal evaluation of the current size of business and future prospects (i.e. revenue growth and profit growth) of Chunyu PRC Co..

Lock-up period

- (a) The Consideration Shares may not be sold during a period of 12 months after the date of issuance of the same;
- (b) The Consideration Shares may be sold from the beginning of the 13th month after the date of issuance of the same, but the aggregate number of the Consideration Shares sold on any one trading day may not exceed 1% of the total Consideration Shares; and
- (c) All of the Consideration Shares will be pledged with TOM Outdoor Media during the aforesaid lockup period as a security for the due performance of the obligations of Chunyu and Mr. Ou-Yang under the Agreement.

Adjustment of Consideration

- (1) If the sum of:
 - (a) 14.11 times the amount of the audited after-tax profits made by the outdoor advertising business of Chunyu PRC Co. in 2002; and
 - (b) 7.055 times the amount of the audited after-tax profits made by the business of Chunyu PRC Co. (including, without limitation, its advertising agency business and event organising business, but excluding its outdoor advertising business) in 2002, (collectively, the "2002 Actual Profit") is not equal to RMB102,806,128 (approximately HKD96,986,913), then the Consideration will be adjusted as follows:

$$A = \frac{B}{102,806,128} \times 51,403,064$$

Where:

- (i) A = Adjusted Consideration
- (ii) B = 2002 Actual Profit

The aforesaid formula for calculating the Adjustment of Consideration is reached after arm's length commercial negotiations between the parties which takes into account the possible return of investment of TOM.

- (2) The amount of the Cash Consideration and the number of the Consideration Shares will accordingly be adjusted on a pro rata basis.
- (3) If the Adjusted Consideration is less than the Consideration:
 - (a) Mr. Ou-Yang shall pay to TOM Outdoor Media an amount equal to the difference between the Cash Consideration and the Adjusted Cash Consideration within 14 business days from the date on which the amount of Adjusted Cash Consideration is confirmed (which confirmation shall be made as soon as practicable after the audited accounts of Chunyu PRC Co. for the year ending 31st December, 2002 are issued); and
 - (b) Such number of the Adjusted Consideration Shares instead of the number of the Consideration Shares will be issued by TOM within 30 days from the date of issue of the audited accounts of Chunyu PRC Co. for the year ending 31st December, 2002.
- (4) If the Adjusted Consideration is more than the Consideration:
 - (a) TOM Outdoor Media shall pay to Mr. Ou-Yang an amount equal to the difference between the Cash Consideration and the Adjusted Cash Consideration within 14 business days from the date on which the amount of Adjusted Cash Consideration is confirmed (which confirmation shall be made as soon as practicable after the audited accounts of Chunyu PRC Co. for the year ending 31st December, 2002 are issued); and
 - (b) Such number of the Adjusted Consideration Shares instead of the number of the Consideration Shares will be issued by TOM within 30 days from the date of issue of the audited accounts of Chunyu PRC Co. for the year ending 31st December, 2002.

If there are any adjustments to the Consideration, such adjustments will be reviewed by the independent Directors and TOM will make the appropriate disclosures in an announcement and its accounts accordingly.

Conditions precedent

Completion is conditional on, inter alia, the following conditions having been fulfilled or waived on or before 30th September, 2002: –

- (a) Chunyu PRC Co. having been converted to a sino-foreign equity joint venture advertising company, being owned as to 50% by Chunyu, as to 49% by Chunyu HK Co. and as to 1% by TOM Nominee, which conversion having been duly approved by the relevant authorities in the PRC;
- (b) the Asset Acquisition having been completed in accordance with all applicable laws, rules and regulations;
- (c) a long term service agreement having been duly executed between Chunyu PRC Co. and each member of the management team of Chunyu PRC Co.;
- (d) the proforma balance sheet of Chunyu PRC Co. made up as at 1st January, 2002 in the form substantially set out in schedule 3 to the Agreement having been prepared, which shows that, inter alia, as at 1st January, 2002, Chunyu PRC Co. has a net asset value of not less than RMB9 million (approximately HKD8.5 million) (including RMB2 million (approximately HKD1.9 million) in cash), and that Chunyu PRC Co. has no liability in relation to any unpaid tax, employee benefits reserve and/or any other debts not incurred in relation to Chunyu PRC Co.'s outdoor advertising business;
- (e) TOM Outdoor Media having been satisfied with the result of the due diligence exercise carried out by it on the assets and liabilities, business and prospects of Chunyu PRC Co.;
- (f) a legal opinion (in the form and substance satisfactory to TOM Outdoor Media) opining on the legality of the transactions contemplated under the Agreement having been issued by the PRC legal counsels of Chunyu and Mr. Ou-Yang;
- (g) Chunyu and Mr. Ou-Yang having executed a warranty warranting the matters mentioned in the representations and warranties provisions of the Agreement;
- (h) each of the board of directors of TOM Outdoor Media and the Board having approved the transactions contemplated under the Agreement (including, without limitation, the issuance of the Consideration Shares); and
- (i) the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares.

Completion

Completion shall take place on the 7th business day after all the conditions precedent as described in the Agreement is fulfilled (or waived) on or before 30th September, 2002 or such other date as the parties may otherwise agree.

INFORMATION ON CHUNYU

Chunyu was established in the early 90s in Qingdao and beneficially wholly-owned by the chairman, Mr. Ou-Yang. As the largest outdoor media company in Qingdao (the most prosperous city in Shandong Province), its outdoor media assets include unipoles and billboards along the Qi-qing Highway and the Airport Road. Chunyu also undertakes advertising agency business and event organizing business. As yachting events of the 2008 Olympics will be held in Qingdao, the demand for advertising space in the city is expected to surge in the coming years.

The unaudited proforma net revenues of Chunyu as reported under HKGAAP were approximately RMB9.9 million, approximately RMB14.7 million and approximately RMB10.4 million (approximately HKD9.3 million, approximately HKD13.8 million and approximately HKD9.8 million) for the years ended 31st December, 1999, 31st December, 2000 and for the eight months ended 31st August, 2001, respectively. The unaudited pro forma profit before taxation of Chunyu as reported under HKGAAP were approximately RMB5.6 million, approximately RMB7.9 million and approximately RMB4.5 million (approximately HKD5.3 million, approximately HKD7.4 million and approximately HKD4.2 million) for the years ended 31st December, 1999, 31st December, 2000 and for the eight months ended 31st August, 2001 respectively. The unaudited pro forma profits after taxation of Chunyu as reported under HKGAAP were approximately RMB3.8 million, approximately RMB6.7 million and approximately RMB3.8 million (approximately HKD3.6 million, approximately HKD6.3 million and approximately HKD3.6 million) for the years ended 31st December, 1999, 31st December, 2000 and for the eight months ended 31st August, 2001 respectively. As at 31st August, 2001, the unaudited pro forma net tangible assets of Chunyu as reported under HKGAAP was approximately RMB7.8 million (approximately HKD7.3 million). For the avoidance of doubt, the proforma numbers described above relates to such outdoor advertising businesses, advertising agency business and event organizing business of Chunyu that are the subject matter of this Agreement.

REASONS FOR ENTERING INTO THE AGREEMENT

The Directors consider that the Chunyu Acquisition will strengthen TOM's existing outdoor media business in the PRC, through Kunming Fench Star Information Industry Limited and Shanghai Maya Cultural Transmission Company Limited.

TOM aims to build and expand its PRC's outdoor media advertising market by acquiring and integrating the larger and highly profitable companies with quality outdoor media assets in key PRC cities. With a remarkable geographical coverage and higher market penetration, TOM is building a solid foundation for further expansion nationwide.

The Chunyu Acquisition is in line with the statement of business objectives of TOM as disclosed in TOM's prospectus dated 18th February, 2000.

GENERAL

The Directors consider that the 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 Agreement are fair and reasonable and in the interests of the TOM Group so far as the shareholders are concerned.

The Consideration Shares will be allotted and issued pursuant to the general mandate granted to the Directors by the shareholders of TOM at the annual general meeting of TOM held on 27th April, 2001.

TOM will make an application to the Listing Committee of GEM for the listing of and permission to deal in the Consideration Shares to be issued pursuant to the Agreement.

In view of the Consideration including the issuance of the Consideration Shares and based on the adjusted net tangible assets of TOM as at 30th September, 2001, the Chunyu Acquisition constitutes a share transaction of TOM under Chapter 19 of the GEM Listing Rules.

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 e-mail service provision, outdoor media advertising, online media businesses and magazine publishing.

DEFINITIONS

- “Adjusted Cash Consideration” means the Cash Consideration after adjustment as described in the section headed “Adjustment of Consideration”
- “Adjusted Consideration” means the Consideration after adjustment as described in the section headed “Adjustment of Consideration”
- “Adjusted Consideration Shares” means the Consideration Shares after adjustment as described in the section headed “Adjustment of Consideration”
- “Agreement” means a cooperation framework agreement entered into between TOM Outdoor Media, Mr. Ou-Yang and Chunyu in respect of the Chunyu Acquisition on 28th January, 2002
- “Asset Acquisition” means the transfer by each of Chunyu and Mr. Ou-Yang of all advertising business/assets owned by it/him as at the date of the Agreement to Chunyu PRC Co. upon the establishment of Chunyu PRC Co.

“Board”	means the board of Directors of TOM
“BVI”	means the British Virgin Islands
“Cash Consideration”	means the amount of RMB14,572,000 (approximately HKD13,747,170) to be paid in cash to satisfy part of the Consideration
“Chunyu”	means 青島春雨廣告裝飾工程有限公司 (Qingdao Chunyu Advertising and Décor Construction Company Limited), a domestic limited liability company organized and existing under the laws of the PRC which is independent from the Directors, chief executive, substantial shareholders or management shareholders of TOM or any of their respective associates as defined under the GEM Listing Rules. As at the date of the Agreement, Chunyu is beneficially wholly-owned by Mr. Ou-Yang
“Chunyu Acquisition”	means the Equity Transfer and the Share Acquisition pursuant to the Agreement
“Chunyu BVI Co.”	means a limited liability company to be incorporated in the BVI as a wholly-owned subsidiary of Mr. Ou-Yang. Upon its establishment, Chunyu BVI Co. will establish Chunyu HK Co. to be wholly-owned by it
“Chunyu HK Co.”	means a limited liability company to be incorporated in Hong Kong as a wholly-owned subsidiary of Chunyu BVI Co. and Chunyu HK Co. will acquire 49% of the equity interest in Chunyu PRC Co.
“Chunyu PRC Co.”	means a domestic company to be established in the PRC and owned by Chunyu and Mr. Ou-Yang or other companies controlled by Mr. Ou-Yang
“Completion”	means the completion of the Share Acquisition
“Consideration”	means the aggregate consideration in the amount of RMB51,403,064 (approximately HKD48,493,457) (subject to adjustment) payable by TOM Outdoor Media for the Chunyu Acquisition
“Consideration Shares”	means the Consideration Shares credited as fully paid at HKD5.51 per TOM Share to be allotted and issued to Mr. Ou-Yang and/or his nominee(s) as part of the Consideration

“Consultant Agreement”	means a management consultancy agreement to be entered into between Chunyu PRC Co. and TOM Consultant, under which, TOM Consultant will provide certain management consultancy services to Chunyu PRC Co.
“Director(s)”	means the director(s) of TOM
“Enlarged Capital”	means 3,287,583,849 TOM Shares in issue upon the Completion assuming that there are no further issues of TOM Shares from 28th January, 2002 up to the Completion other than the Consideration Shares
“Equity Transfer”	means the acquisition by TOM Nominee of 1% of the equity interest in Chunyu PRC Co. from Mr. Ou-Yang or his nominee
“Existing Capital”	means 3,281,277,808 TOM Shares in issue as at 28th January, 2002
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“HKGAAP”	means Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong
“HKD”	means Hong Kong dollars
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Mr. Ou-Yang”	means Ou-Yang Gang (歐陽剛), the chairman of Chunyu, who is independent from the Directors, chief executive, substantial shareholders or management shareholders of TOM or any of their respective associates as defined under the GEM Listing Rules. As at the date of the Agreement, Mr. Ou-Yang beneficially owns the entire equity interest of Chunyu
“PRC”	means the People’s Republic of China
“RMB”	means Renminbi

- “Share Acquisition” means the acquisition by TOM Outdoor Media of the entire issued share capital of Chunyu BVI Co. from Mr. Ou-Yang or his nominee(s) at Completion
- “Stock Exchange” means The Stock Exchange of Hong Kong Limited
- “TOM” means TOM.COM LIMITED, a company incorporated in the Cayman Islands and whose shares are listed on GEM
- “TOM Consultant” means a nominee of TOM Outdoor Media, which will enter into the Consultancy Agreement with Chunyu PRC Co. for the provision of certain management consultancy services to Chunyu PRC Co.
- “TOM Group” means TOM and its subsidiaries
- “TOM Nominee” means a purely domestic PRC entity to be nominated by TOM Outdoor Media to acquire 1% of the equity interest in Chunyu PRC Co. from Mr. Ou-Yang or his nominee. The shareholders of TOM Nominee have granted options to a wholly-owned subsidiary of TOM, under which, such subsidiary of TOM is entitled at any time to acquire all the respective equity interests of the shareholders in TOM Nominee at the total consideration equals to the entire registered capital of TOM Nominee
- “TOM Outdoor Media” means Tom.com Outdoor Media Group Limited, a limited liability company incorporated under the laws of the BVI on 28th January, 2000, being a wholly-owned subsidiary of TOM
- “TOM Share(s)” means share(s) of par value of HKD0.10 each in the capital of TOM

HKD1 = RMB1.06

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

Hong Kong, 28th January, 2002

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 at least 7 days from the date of its posting and on the website of TOM at www.tom.com.