

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**TOM.COM LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**DISCLOSEABLE TRANSACTION  
INVOLVING CASH CONSIDERATION AND ISSUANCE OF NEW SHARES**

**in respect of**

**the acquisition of 60% 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 February, 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 60% of the equity interest in New Star PRC Co., an outdoor advertising company to be established in the PRC at an aggregate consideration of RMB67,728,440 (approximately HKD63,894,755) (subject to adjustment).

RMB19,200,000 (approximately HKD18,113,208) (subject to adjustment), being approximately 28% of the Consideration, will be satisfied by cash; and RMB48,528,440 (approximately HKD45,781,547) (subject to adjustment), being approximately 72% of the Consideration, will be satisfied by the issue and allotment of 8,308,811 Consideration Shares (representing approximately 0.25% of the Existing Capital and approximately 0.25% of the Enlarged Capital) (credited as fully paid) at HKD5.51 per TOM Share.

Based on the adjusted net tangible assets of TOM as at 30th September, 2001, the New Star Acquisition constitutes a discloseable transaction involving issuance of new TOM Shares under Chapter 19 of the GEM Listing Rules. A circular containing further details of the New Star Acquisition will be despatched to the shareholders of TOM as soon as practicable.

## THE AGREEMENT

Date: 28th February, 2002

Parties:

- (1) TOM Outdoor Media
- (2) Mr. Li
- (3) Ms. Wang
- (4) New Star

### Assets to be acquired

60% of the equity interest in New Star PRC Co. (of which 49% will be acquired by TOM Outdoor Media and 11% will be acquired by TOM Nominee), which will be acquired by TOM Outdoor Media through the Equity Transfer and the Share Acquisition.

### Major terms of the Agreement

- (i) The NS Shareholders will establish New Star PRC Co. in the PRC within 30 days from the date of the Agreement.

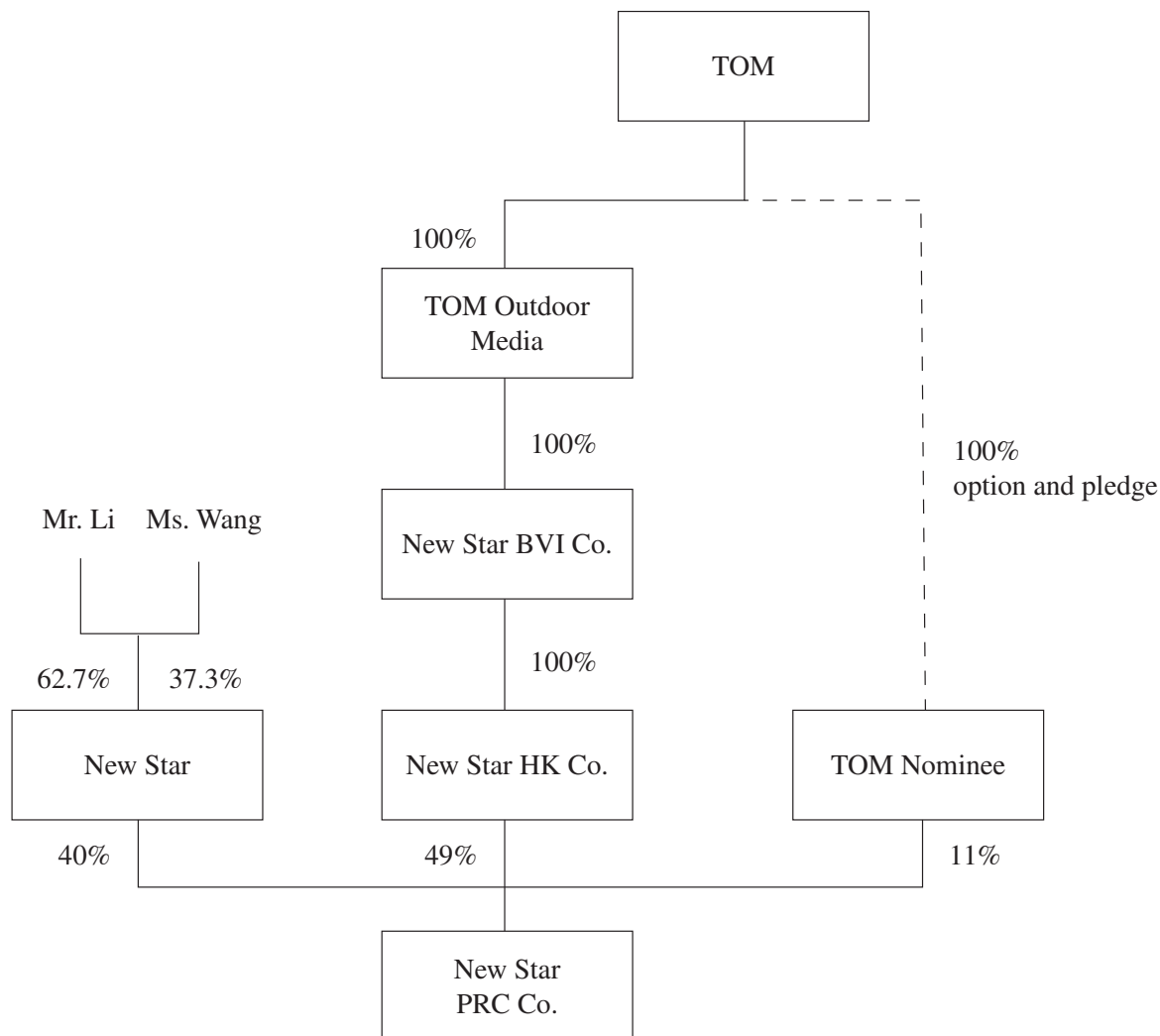
*Proposed initial corporate structure of New Star PRC Co. are as follows:*

- (a) Registered capital: RMB10 million (approximately HKD9.4 million)  
(all of which will be contributed by New Star and the NS Shareholders in cash before Completion)
  - (b) Initial shareholders:
    - (i) New Star
    - (ii) NS Shareholders or other companies controlled by the NS Shareholders
  - (c) Scope of business: design, production and distribution of domestic and foreign advertisements (including, without limitation, outdoor advertisements)
- (ii) Upon the establishment of New Star PRC Co., each of New Star and the NS Shareholders will transfer to New Star PRC Co. all outdoor advertising business/assets owned by it/ them as at the date of the Agreement.

- (iii) At the completion of the Asset Acquisition, New Star PRC Co. and TOM Consultant will enter into the Consultancy Agreement, major terms of which are set out below:
- (a) Services: TOM Consultant will provide certain management consultancy services (such as financial control systems which will assist with the integration of New Star PRC Co. into the TOM Group) to New Star PRC Co.
  - (b) Term: from the date of the Consultancy Agreement to the date of Completion
  - (c) Service fee: an amount equal to 60% of the after-tax profits of New Star PRC Co. during the term of the Consultancy Agreement
- (iv) The NS Shareholders will establish New Star BVI Co. within 30 days from the date of the Agreement. The NS Shareholders will own the entire issued share capital of New Star BVI Co..
- (v) New Star BVI Co. will establish New Star HK Co. which will be wholly-owned by New Star BVI Co..
- (vi) After the establishment of New Star BVI Co., the NS Shareholders will transfer or procure the transfer of 49% of the equity interest in New Star PRC Co. to New Star HK Co. and procure that New Star PRC Co. be converted from a PRC domestic entity to a sino-foreign equity joint venture enterprise.
- (vii) TOM Nominee will acquire 11% of the equity interest in New Star PRC Co. from the NS Shareholders or their nominee(s). As a result, New Star PRC Co. will be owned as to 40% by New Star, as to 49% by New Star HK Co. and as to 11% by TOM Nominee.
- (viii) TOM Outdoor Media or its nominee will acquire the entire issued share capital of New Star BVI Co. from the NS Shareholders and/or their nominee(s) at Completion. Immediately after Completion, the board of directors of New Star PRC Co. will consist of 5 members, of which 3 will be indirectly nominated by TOM Outdoor Media and the remaining 2 will be nominated by New Star.

The Equity Transfer and the Share Acquisition are conditional upon each other. TOM has already sought PRC legal advice on the legality of the transaction contemplated under the Agreement and has received a preliminary legal opinion. The Directors have received comfort from the PRC legal counsels in the above arrangement. Completion of the New Star Acquisition is conditional upon receiving a full legal opinion on the transaction, please refer to the section headed "Conditions precedent" for more information.

*Shareholding structure of New Star PRC Co. immediately after Completion*



Upon Completion, New Star PRC Co. will become a subsidiary of TOM (subject to the confirmation by TOM’s 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 RMB67,728,440 (approximately HKD63,894,755), of which,

- (a) RMB19,200,000 (approximately HKD18,113,208), being approximately 28% of the Consideration, will be satisfied by cash. The Cash Consideration will be funded by internal resources of TOM;

The Cash Consideration will be paid to the NS Shareholders in proportion to their respective shareholding in New Star in the following manner:

- (i) RMB13,440,000 (approximately HKD12,679,245) will be paid within 10 business days from the date of the Agreement; and

- (ii) RMB5,760,000 (approximately HKD5,433,962) will be paid within 30 days from the date of issue of the proforma audited accounts of New Star for the year ended 31st December, 2001 (which audited accounts is expected to be issued in late March, 2002).
- (b) RMB48,528,440 (approximately HKD45,781,547), being approximately 72% of the Consideration, will be satisfied by the issue and allotment of 8,308,811 Consideration Shares (representing approximately 0.25% of the Existing Capital and approximately 0.25% of the Enlarged Capital) (credited as fully paid) at HKD5.51 per TOM Share to the NS Shareholders and/or their nominee(s) in proportion to their respective shareholding in New Star.

The price per Consideration Share represents a premium of approximately 46.93% to the closing price of HKD3.75 per TOM Share as quoted on the Stock Exchange on 28th February, 2002 (date of the Agreement) and a premium of approximately 42.45% to the average closing price of HKD3.868 per TOM Share of 10 consecutive trading days before and including the date of the Agreement (28th February, 2002) as quoted on the Stock Exchange. The price per Consideration Share was arrived at after arm's length negotiations between the parties and being a price being acceptable to the NS Shareholders, New Star and TOM Outdoor Media.

Subject to the fulfillment of all the conditions precedent (as set out in the Agreement), the Consideration Shares will be issued to the NS Shareholders and/or their nominee(s) in proportion to their respective shareholding in New Star in the following manner:

- (i) 5,816,168 Consideration Shares will be issued within 30 days from the date of issue of the proforma audited accounts of New Star for the year ended 31st December, 2001 (which audited accounts is expected to be issued in late March, 2002); and
- (ii) the balance of 2,492,643 Consideration Shares will be issued within 30 days from the date of issue of the proforma audited accounts of New Star PRC Co. for the year ending 31st December, 2002 (which audited accounts is expected to be issued in late March, 2003).

If all or any of the conditions precedent (as described in the Agreement) shall not have been fulfilled or waived by the date(s) mentioned in paragraphs (b)(i) and (b)(ii) above on which all or part of the Consideration Shares are supposed to be issued, then such Consideration Shares will be issued within 30 days after the date of Completion.

For the avoidance of doubt, the proforma audited accounts of New Star for the year ended 31st December, 2001 will solely include the outdoor advertising business which will be transferred to New Star PRC Co. as specified in the Asset Acquisition.

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

## Lock-up period

- (a) The Consideration Shares (subject to adjustments as described in the section headed “Adjustments of Consideration” below) may not be sold before the date on which all (but not only part) of the Consideration Shares are issued (“Lock-up Period”);
- (b) The Consideration Shares may be sold after the Lock-up Period, 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 Lock-up Period as a security for the due performance of the obligations of the NS Shareholders and New Star under the Agreement.

## Adjustment of Consideration

- (1) If:
  - (a) the amount of the audited after-tax profits made by the outdoor advertising business of New Star for the year ended 31st December, 2001 (“2001 Actual Profit”) is less than RMB7,600,000 (approximately HKD7,169,811); or
  - (b) the rate of profits tax applicable to New Star PRC Co. for the year ending 31st December, 2002 is higher than 60% of the statutory tax rate in the PRC which is currently 33%, then the 2002 applicable rate of profits tax adopted by New Star PRC Co. will be used for the purposes of calculating the 2001 Actual Profit; or
  - (c) all or part of the accounts receivable to be transferred to New Star PRC Co. pursuant to the Asset Acquisition shall not have been collected by 30th September, 2002, then such uncollected amount shall be treated as bad debts for the purposes of calculating the 2001 Actual Profit (as at 30th June, 2001, such unaudited accounts receivable prepared in accordance with the HKGAAP amounted to approximately RMB6.2 million (approximately HKD5.8 million)),

the Consideration will be adjusted on two occasions: (i) after the issue of the proforma audited accounts of New Star for the year ended 31st December, 2001; and (ii) after the issue of the proforma audited accounts of New Star PRC Co. for the year ending 31st December, 2002 as follows:

$$A = \frac{B}{8,000,000*} \times 67,728,440$$

Where:

- (i) A = Adjusted Consideration
- (ii) B = 2001 Actual Profit after adjustments for (b) and (c) above (if any)

\* It was agreed between the parties that the guaranteed profit for the year ended 31st December, 2001 was RMB8 million (approximately HKD7,547,170), however no adjustment will be required to be made if the variance to such guaranteed profit target is less than 5% (i.e. RMB7.6 million (approximately HKD7,169,811)). If the target is missed by more than 5%, then adjustment made shall be based upon the full RMB8 million (approximately HKD7,547,170) guaranteed profit.

The above formula for calculating the Adjustment of Consideration was arrived at after arm's length commercial negotiations between the parties which takes into account the possible return of investment of TOM.

- (2) The Adjustment of Consideration is only applicable to downward adjustments. The amount of the Cash Consideration and the number of the Consideration Shares will accordingly be adjusted on a pro rata basis (in case of adjustment to Cash Consideration, this will be effected by way of repayment of the relevant portion of cash by the NS Shareholders to TOM Outdoor Media or from proceeds from the sale of the Consideration Shares that have been pledged) and:
  - (a) The NS Shareholders 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 the Adjusted Cash Consideration is confirmed (which confirmation shall be made as soon as practicable after the proforma audited accounts of New Star for the year ended 31st December, 2001 (which audited accounts is expected to be issued in late March, 2002) and the proforma audited accounts of New Star PRC Co. for the year ending 31st December, 2002 (which audited accounts is expected to be issued in late March, 2003) are issued); and
  - (b) TOM will issue such number of the Adjusted Consideration Shares instead of the number of the Consideration Shares within 30 days from (i) the date of issue of the proforma audited accounts of New Star for the year ended 31st December, 2001 (which audited accounts is expected to be issued in late March, 2002); and (ii) the date of issue of the proforma audited accounts of New Star PRC Co. for the year ending 31st December, 2002 (which audited accounts is expected to be issued in late March, 2003).

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

## **Profit sharing scheme**

Pursuant to the Agreement, it was agreed that (i) for the year ending 31st December, 2002, if the audited after-tax profits of New Star PRC Co. exceeds RMB8 million (approximately HKD7,547,170); and (ii) for each of the 3 years ending 31st December, 2003, 2004 and 2005, if New Star PRC Co. enjoys an annual increase of 15% or more in its audited after-tax profits (in each case "Incentive Profits"), the management (being the NS Shareholders and other management) of New Star PRC Co. will be entitled to a profit sharing arrangement equal to 20% of the amount that exceeds such Incentive Profits. This payment will be payable in cash.

## **Conditions precedent**

Completion is conditional on, inter alia, the following conditions having been fulfilled or waived on or before 30th September, 2002 (or such other date as the parties may agree):

- (a) New Star PRC Co. having been converted to a sino-foreign equity joint venture advertising company, being owned as to 40% by New Star, as to 49% by New Star HK Co. and as to 11% 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 New Star PRC Co. and each member of the management team of New Star PRC Co.;
- (d) the proforma balance sheet of New Star 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, New Star PRC Co. has a net asset value of not less than RMB10 million (approximately HKD9.4 million) (including approximately RMB2 million (approximately HKD1.9 million) in cash and approximately RMB8 million (approximately HKD7.5 million) in fixed assets), and that New Star PRC Co. has no liability in relation to any unpaid tax, employee benefits reserve and/or any other debts not incurred in relation to New Star 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 New Star 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 New Star and the NS Shareholders. The approvals required in the New Star Acquisition includes the approvals from the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) and the State Administration of Industry and Commerce (SAIC);



- (g) New Star and the NS Shareholders having executed a warranty warranting the matters mentioned in the representations and warranties provisions of the Agreement;
- (h) the board of directors of TOM Outdoor Media having approved the transactions contemplated under the Agreement;
- (i) the Board and/or shareholders, if necessary, of TOM having approved the transactions contemplated under the Agreement (including, without limitation, the issuance of the Consideration Shares); and
- (j) 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 the date on which all the conditions precedent as set out 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 NEW STAR**

New Star was established in 1990 by Mr. Li. After 10 years, New Star has become Dalian's largest outdoor media company. Mr. Li has 18 years' media experience including 12 years in outdoor media. New Star's major customers include both domestic and international advertisers, e.g. China Telecom, Jitong Telecom, CNPC, Shanghai Pudong Development Bank, Mitsubishi, etc.

New Star's core outdoor media assets are unipoles, giant billboards and light boxes, with advertising space totalling more than 8,000 square metres. New Star's outdoor media assets are achieving a high occupancy rate of 90%.

The unaudited proforma net revenues of New Star as reported under HKGAAP were approximately RMB11.9 million, approximately RMB14.6 million and approximately RMB6.7 million (approximately HKD11.2 million, approximately HKD13.8 million and approximately HKD6.3 million) for the years ended 31st December, 1999, 31st December, 2000 and for the six months ended 30th June, 2001, respectively. The unaudited proforma profit before taxation of New Star as reported under HKGAAP were approximately RMB5.6 million, approximately RMB9.7 million and approximately RMB3.9 million (approximately HKD5.3 million, approximately HKD9.2 million and approximately HKD3.7 million) for the years ended 31st December, 1999, 31st December, 2000 and for the six months ended 30th June, 2001, respectively. The unaudited proforma profits after taxation of New Star as reported under HKGAAP were approximately RMB4.5 million, approximately RMB7.8 million and approximately RMB3.1 million (approximately HKD4.2 million, approximately HKD7.4 million and approximately HKD2.9 million) for the years ended 31st December, 1999, 31st December, 2000 and for the six months ended 30th June, 2001, respectively. As at 30th June, 2001, the unaudited proforma net tangible assets of New Star as reported under HKGAAP was

approximately RMB13.6 million (approximately HKD12.8 million). For the avoidance of doubt, the proforma numbers described above relates to such outdoor advertising businesses that are the subject matter of this Agreement.

## **REASONS FOR ENTERING INTO THE AGREEMENT**

The Directors consider that including the acquisition of New Star PRC Co., TOM's nationwide outdoor media network will cover 22 cities, including two municipal cities, Beijing and Shanghai; and six provinces – Liaoning, Guangdong, Shandong, Sichuan, Yunnan and Henan. Its wide variety of outdoor media assets include billboard signage, neon signage, unipoles, street furniture (e.g. bus shelters, taxi stands and bicycle shelters), and bus-body advertising, etc.

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 Directors are of the view that the New Star Acquisition is in line with the statement of business objectives of TOM as disclosed in TOM's prospectus dated 18th February, 2000. In addition, New Star's outdoor media advertising business is part of TOM's cross media strategy as a leading provider of "total advertising solutions" which was disclosed in TOM's 2000 annual report.

## **GENERAL**

The Directors consider that the Agreement is entered into on normal commercial terms, and 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.

Based on the adjusted net tangible assets of TOM as at 30th September, 2001, the New Star Acquisition constitutes a discloseable transaction involving issuance of new TOM Shares under Chapter 19 of the GEM Listing Rules. A circular containing further details of the New Star Acquisition will be despatched to the shareholders of TOM as soon as practicable.

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. Li, Ms. Wang and New Star in respect of the New Star Acquisition on 28th February, 2002
- “Asset Acquisition” means the transfer by each of New Star and the NS Shareholders of all outdoor advertising business/assets owned by it/them as at the date of the Agreement to New Star PRC Co. upon the establishment of New Star PRC Co.
- “Board” means the board of Directors of TOM
- “BVI” means the British Virgin Islands
- “Cash Consideration” means the amount of RMB19,200,000 (approximately HKD18,113,208) to be paid in cash to satisfy part of the Consideration
- “Completion” means the completion of the Share Acquisition
- “Consideration” means the aggregate consideration in the amount of RMB67,728,440 (approximately HKD63,894,755) (subject to adjustment) payable by TOM Outdoor Media for the New Star Acquisition
- “Consideration Shares” means the Consideration Shares credited as fully paid at HKD5.51 per TOM Share to be allotted and issued to the NS Shareholders and/or their nominee(s) as part of the Consideration

“Consultancy Agreement”	means a management consultancy agreement to be entered into between New Star PRC Co. and TOM Consultant, under which, TOM Consultant will provide certain management consultancy services to New Star PRC Co.
“Director(s)”	means the director(s) of TOM
“Enlarged Capital”	means 3,294,794,619 TOM Shares in issue upon the Completion assuming that there are no further issues of TOM Shares from 28th February, 2002 up to the Completion other than the Consideration Shares
“Equity Transfer”	means the acquisition by TOM Nominee of 11% of the equity interest in New Star PRC Co. from the NS Shareholders or their nominee(s)
“Existing Capital”	means 3,286,485,808 TOM Shares in issue as at 28th February, 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
“HKD”	means Hong Kong dollars
“HKGAAP”	means the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and accounting principles generally accepted in Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Mr. Li”	means Li Pei-an (李佩安), the General Manager of New Star, 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. Mr. Li is the spouse of Ms. Wang. As at the date of the Agreement, Mr. Li owns 62.7% of the equity interest of New Star
“Ms. Wang”	means Wang Bing-bing (王兵兵), the Deputy General Manager of New Star, 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. Ms. Wang is the spouse of Mr. Li. As at the date of the Agreement, Ms. Wang owns 37.3% of the equity interest of New Star

“NS Shareholders”	means Mr. Li and Ms. Wang
“New Star”	means 遼寧鑫星盛世廣告有限公司(New Star Prosperity Advertising 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, New Star is owned as to 62.7% by Mr. Li and as to 37.3% by Ms. Wang
“New Star Acquisition”	means the Equity Transfer and the Share Acquisition pursuant to the Agreement
“New Star BVI Co.”	means a limited liability company to be incorporated in the BVI as a wholly-owned subsidiary of the NS Shareholders. Upon its establishment, New Star BVI Co. will establish New Star HK Co. to be wholly-owned by it
“New Star HK Co.”	means a limited liability company to be incorporated in the Hong Kong as a wholly-owned subsidiary of New Star BVI Co. and New Star HK Co. will acquire 49% of the equity interest in New Star PRC Co.
“New Star PRC Co.”	means a domestic company to be established in the PRC and owned by New Star and the NS Shareholders or other companies controlled by the NS Shareholders
“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 New Star BVI Co. from the NS Shareholders and/or their 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, being a subsidiary of TOM, which will enter into the Consultancy Agreement with New Star PRC Co. for the provision of certain management consultancy services to New Star 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 11% of the equity interest in New Star PRC Co. from the NS Shareholders and/or their nominee(s). 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 February, 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](http://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](http://www.tom.com).*