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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

MEMORANDA OF UNDERSTANDING in respect of the acquisitions of four outdoor media advertising companies in the People's Republic of China

The Board is pleased to announce that on 27th March, 2002, TOM Outdoor Media, a wholly-owned subsidiary of TOM, has entered into four separate memoranda of understanding with certain independent third parties in relation to the proposed acquisitions of four outdoor media advertising companies in the PRC as follows: –

(1) Bomei MOU – for the acquisition of 60% of the equity interest in Bomei PRC Co. (through wholly-owned subsidiaries and nominees);
(2) Seeout MOU – for the acquisition of 60% of the equity interest in Seeout PRC Co. (through wholly-owned subsidiaries and nominees);
(3) Sano MOU – for the acquisition of 60% of the equity interest in Sano PRC Co. (through wholly-owned subsidiaries and nominees); and
(4) Southwest MOU – for the acquisition of 70% of the equity interest in Southwest PRC Co. (through wholly-owned subsidiaries and nominees).

All of the memoranda of understanding are non-legally binding except for certain provisions relating to confidentiality and exclusivity, whereby the relevant parties to the memoranda of understanding agree not to enter into similar agreements with other parties within a certain period of time (depending on the relevant memorandum of understanding, ranging from 6 months to 210 days) from the date of execution of the relevant memorandum of understanding.

Upon the signing of the relevant definitive agreements for the aforesaid acquisitions, TOM will comply with Chapter 19 of the GEM Listing Rules and issue separate announcements to disclose the details of the relevant acquisitions (including whether they are notifiable transactions).

As the above acquisitions may or may not take place, shareholders of TOM and public investors are advised to exercise caution when dealing in the TOM Shares. The Directors will keep the market informed as and when any terms concerning the above acquisitions have been agreed or any agreement has been signed in accordance with the GEM Listing Rules.

BOMEI MOU

Date: 27th March, 2002

Parties: (1) TOM Outdoor Media
(2) Bomei
(3) Mr. Chen

Assets to be acquired

60% of the equity interest in Bomei PRC Co. (of which 11% will be acquired by Bomei TOM Nominee and 49% will be acquired by TOM Outdoor Media).

Major terms of the Bomei MOU

(i) Establishment of Bomei PRC Co.

Bomei will establish Bomei PRC Co. in the PRC.

The scope of business of Bomei PRC Co. includes: design, production and distribution of domestic and foreign advertisements (including, without limitation, outdoor advertisements).

(ii) Asset acquisition

Upon the establishment of Bomei PRC Co., Bomei will transfer to Bomei PRC Co. all outdoor advertising business/assets owned by it as at the date of signing the definitive agreement and from that date to the date of completion of the Bomei Acquisition.

(iii) Establishment of Bomei BVI Co. and Bomei HK Co.

Upon the signing of the definitive agreement, Mr. Chen will:

(a) establish Bomei BVI Co., which will be a company wholly-owned by him; and

(b) establish Bomei HK Co., which will be a company wholly-owned by Bomei BVI Co..

(iv) Restructuring of Bomei PRC Co.

After the completion of the transfer of the outdoor advertising business/assets as mentioned in paragraph (ii) above, Mr. Chen will procure that Bomei PRC Co. be converted from a PRC domestic entity to a sino-foreign equity joint venture enterprise and owned as to 51% by Bomei and as to 49% by Bomei HK Co..

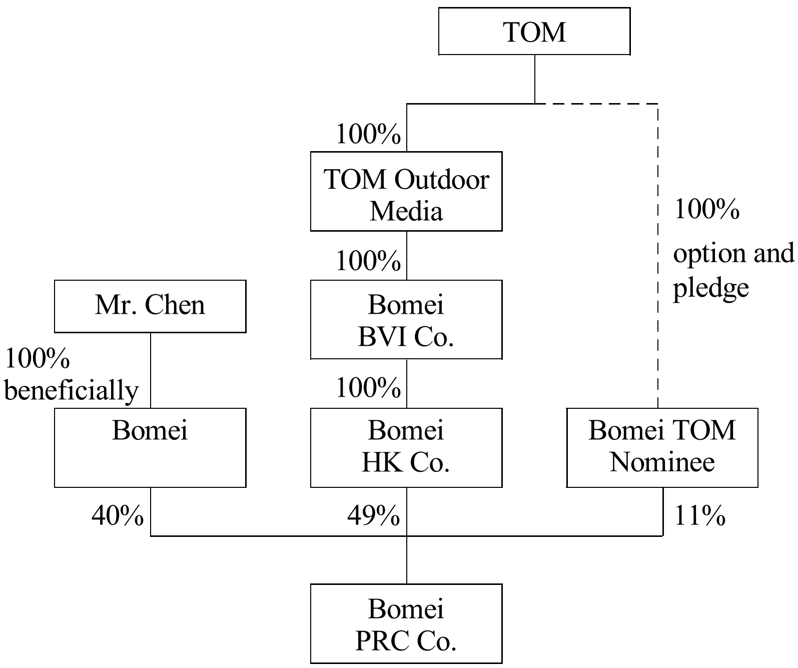
(v) *Equity transfer and share acquisition*

Subject to TOM being satisfied with the legality of the structure of Bomei Acquisition:

(a) Bomei TOM Nominee will acquire 11% of the equity interest in Bomei PRC Co. from Bomei; and

(b) TOM Outdoor Media or its nominee(s) will acquire the entire issued share capital of Bomei BVI Co. from Mr. Chen.

Proposed shareholding structure of Bomei PRC Co. immediately after completion



Consideration

RMB25,677,000 (approximately HKD24,223,585) (subject to adjustments), of which:

(i) RMB10,800,000 (approximately HKD10,188,679) will be paid in cash within one month after the execution of the definitive agreement; and

(ii) RMB14,877,000 (approximately HKD14,034,906) will be satisfied by the issuance and allotment of approximately 2,547,169 Consideration Shares (representing approximately 0.08% of the Existing Capital) (credited as fully paid) at HKD5.51 per TOM Share (representing a premium of 37.75% to the closing price of HKD4.00 per TOM Share as quoted on the Stock Exchange on 27th March, 2002 (i.e., date of the Bomei MOU) and a premium of approximately 36.28% to the average closing price of HKD4.043 per TOM Share of the 10 consecutive trading days (including 27th March, 2002) before and including the date of the Bomei MOU as quoted on the Stock Exchange). The Consideration Shares will be issued to Mr. Chen and/or his nominee(s) within one month from the date of completion.

The price per Consideration Share was arrived at after arm's length negotiations between the parties and being a price being acceptable to Bomei, Mr. Chen and TOM Outdoor Media.

The consideration was arrived at after arm's length negotiations and based on the current size of the business and future prospects (i.e., revenue growth and profit growth) of Bomei PRC Co.. The form of consideration and timing of payment are subject to the finalisation of the definitive agreement and therefore may change.

Adjustment to consideration

If the proforma audited after-tax profits of Bomei PRC Co. for the year ending 31st December, 2001 is not equal to RMB5,000,000 (approximately HKD4,716,981), then the parties shall adjust the consideration accordingly.

If Bomei PRC Co. is unable to collect all of its outstanding accounts receivable as at the date of the definitive agreement within 6 months from the date of execution of the definitive agreement, then the consideration will also be adjusted.

Warranted Profit

Bomei undertakes with TOM Outdoor Media that Bomei PRC Co. will attain an annual increase of 15% in its audited after-tax profits under HKGAAP in each of the 3 years ending 31st December, 2002, 2003 and 2004, otherwise, Bomei will indemnify TOM Outdoor Media for the amount of shortfall by deducting such amount of shortfall from any dividend of Bomei PRC Co. which Bomei may be entitled to.

Board composition

Immediately after the completion of the Bomei Acquisition, the board of Bomei PRC Co. will consist of 5 members, of which 3 shall be indirectly nominated by TOM Outdoor Media and the remaining 2 will be nominated by Bomei.

The Bomei MOU is non-legally binding except for certain provisions relating to confidentiality and exclusivity, whereby the parties to the Bomei MOU agree, inter alia, (i) to keep the contents of this memorandum of understanding and their negotiations confidential (save for general exceptions, such as if required by law or regulations); and (ii) Bomei and Mr. Chen shall not enter into similar agreements with other parties within 210 days from the date of execution of the Bomei MOU, respectively.

Information on Bomei

Bomei is the largest outdoor advertising company in Xiamen, the Fujian Province, established by founder and general manager Mr. Chen in 1995. Xiamen has been a Special Economic Zone since 1981 and has one of the highest per capita GDP among Chinese cities. Given its strategic location and flourishing trade activities, Xiamen is positioned to benefit from the ''Cross Strait Three Links'' trade development that is expected to fuel economic growth further.

Bomei owns a portfolio of over 7,800 square metres of quality outdoor media assets ranging from giant billboards, unipoles to lightboxes. Its assets have a high occupancy rate of over 70% and key clients include Coca-Cola, Ericsson, Honghe Tobacco and Nokia. It is expected that Bomei will benefit from the bigger advertising spend from international clients, contributing to the profitability of TOM's outdoor media business.

As per the management accounts of Bomei, the revenue of Bomei for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB21,000,000 (approximately HKD19,811,321) and approximately RMB19,800,000 (approximately HKD18,679,245), respectively. The profit after tax of Bomei for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB4,600,000 (approximately HKD4,339,623) and RMB5,000,000 (approximately HKD4,716,981), respectively. The EBITDA of Bomei for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB5,700,000 (approximately HKD5,377,358) and RMB6,200,000 (approximately HKD5,849,057), respectively.

SEEOUT MOU

Date: 27th March, 2002

Parties: (1) TOM Outdoor Media
(2) Seeout
(3) Seeout Shareholders

Assets to be acquired

60% of the equity interest in Seeout PRC Co. (of which 11% will be acquired by Seeout TOM Nominee and 49% will be acquired by TOM Outdoor Media).

Major terms of the Seeout MOU

(i) Establishment of Seeout PRC Co.

Seeout will establish Seeout PRC Co. in the PRC.

The scope of business of Seeout PRC Co. includes: design, production and distribution of domestic and foreign advertisements (including, without limitation, outdoor advertisements).

(ii) Asset acquisition

Upon the establishment of Seeout PRC Co., Seeout will transfer to Seeout PRC Co. all outdoor advertising business/assets owned by it as at the date of signing the definitive agreement and from that date to the date of completion of the Seeout Acquisition.

(iii) Establishment of Seeout BVI Co. and Seeout HK Co.

Upon the signing of the definitive agreement, the Seeout Shareholders will:

(a) establish Seeout BVI Co., which will be a company wholly-owned by them; and

(b) establish Seeout HK Co., which will be a company wholly-owned by Seeout BVI Co..

(iv) Restructuring of Seeout PRC Co.

After the completion of the transfer of the outdoor advertising business/assets as mentioned in paragraph (ii) above, the Seeout Shareholders will procure that Seeout PRC Co. be converted from a PRC domestic entity to a sino-foreign equity joint venture enterprise and owned as to 51% by Seeout and as to 49% by Seeout HK Co..

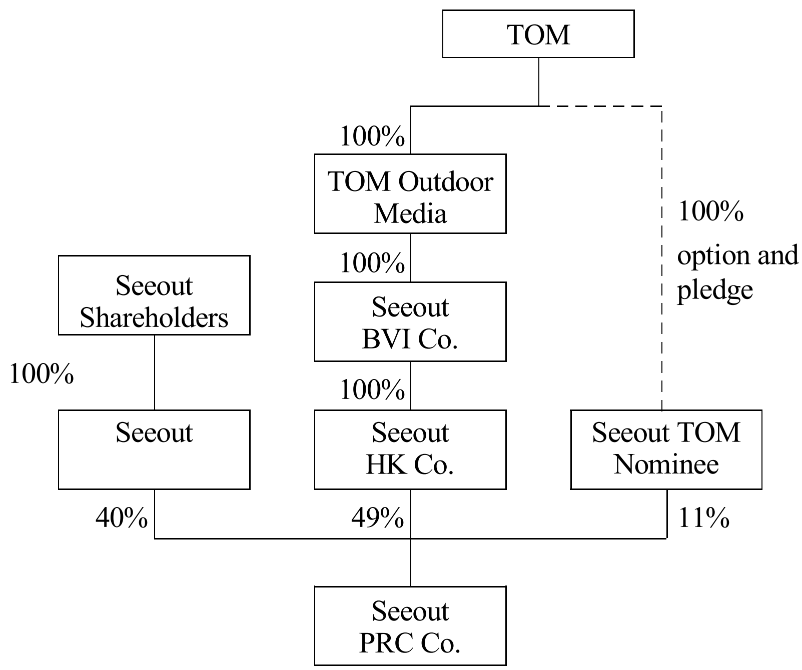
(v) Equity transfer and share acquisition

Subject to TOM being satisfied with the legality of the structure of the Seeout Acquisition:

(a) Seeout TOM Nominee will acquire 11% of the equity interest in Seeout PRC Co. from Seeout; and

(b) TOM Outdoor Media or its nominee(s) will acquire the entire issued share capital of Seeout BVI Co. from the Seeout Shareholders.

Proposed shareholding structure of Seeout PRC Co. immediately after completion



Consideration

RMB54,347,295 (approximately HKD51,271,033) (subject to adjustments), of which:

(i) RMB22,580,760 (approximately HKD21,302,604) will be paid in cash within 30 days from the date of completion; and

(ii) RMB31,766,535 (approximately HKD29,968,429) will be satisfied by the issuance and allotment of approximately 5,438,916 Consideration Shares (representing approximately 0.17% of the Existing Capital) (credited as fully paid) at HKD5.51 per TOM Share (representing a premium of 37.75% to the closing price of HKD4.00 per TOM Share as quoted on the Stock Exchange on 27th March, 2002 (i.e., date of the Seeout MOU) and a premium of approximately 36.28% to the average closing price of HKD4.043 per TOM Share of the 10 consecutive trading days (including 27th March, 2002) before and including the date of the Seeout MOU as quoted on the Stock Exchange). The Consideration Shares will be issued to the Seeout Shareholders in proportion to their respective shareholding in Seeout within 30 days from the later of: (a) the date of completion of the Seeout Acquisition; or (b) the date of issue of the proforma audited accounts of Seeout PRC Co. for the year ending 31st December, 2002.

The price per Consideration Share was arrived at after arm's length negotiations between the parties and being a price being acceptable to Seeout, the Seeout Shareholders and TOM Outdoor Media.

The consideration was arrived at after arm's length negotiations and based on the current size of the business and future prospects (i.e., revenue growth and profit growth) of Seeout PRC Co.. The form of consideration and timing of payment are subject to the finalisation of the definitive agreement and therefore may change.

Adjustment to consideration

If the proforma audited after-tax profits of Seeout PRC Co. for the year ended 31st December, 2001 is not equal to RMB11,100,000 (approximately HKD10,471,698), then the consideration will be adjusted accordingly.

If Seeout PRC Co. is unable to collect all of its outstanding accounts receivables as at the date of the definitive agreement within 6 months from the date of the execution of the definitive agreement, then the consideration will also be adjusted.

Lock-up

The Consideration Shares may not be sold during a period of 6 months after the date of issuance of the Consideration Shares (''Lock-up Period''). 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.

Warranted Profit

Seeout undertakes with TOM Outdoor Media that Seeout PRC Co. will attain an annual increase of 15% in its audited after-tax profits under HKGAAP in each of the 3 years ending 31st December, 2002, 2003 and 2004, otherwise, Seeout will indemnify TOM Outdoor Media for the amount of shortfall by deducting such amount of shortfall from any dividend of Seeout PRC Co. which Seeout may be entitled to.

Board composition

Immediately after the completion of the Seeout Acquisition, the board of Seeout PRC Co. will consist of 5 members, of which 3 shall be indirectly nominated by TOM Outdoor Media and the remaining 2 will be nominated by Seeout.

This Seeout MOU is non-legally binding except for certain provisions relating to confidentiality and exclusivity, whereby the parties to the Seeout MOU agree, inter alia, (i) to keep the contents of this memorandum of understanding and their negotiations confidential (save for general exceptions, such as if required by law or regulations); and (ii) Seeout and the Seeout Shareholders shall not enter into similar agreements with other parties within 210 days from the date of execution of the Seeout MOU.

Information on Seeout

Based in Fuzhou, the Fujian Province, Seeout was established in 1997. It is the largest outdoor media company in the Fujian Province. Its portfolio of outdoor assets exceeds 12,800 square metres including unipoles and billboards along the Fuzhou-Xiamen-Zhangzhou highway, small unipoles, billboards and lightboxes in Fuzhou and the surrounding areas. It also owns exclusive advertising rights of 14 bus shelters along Fuzhou's busiest streets.

Seeout's outdoor media assets have an occupancy rate of around 83% and the company has cultivated a stable customer base which includes China Unicom, Min Sheng Bank, Master Kang Noodles, Sprite and other local advertisers.

As per the management accounts of Seeout, the revenue of Seeout for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB42,500,000 (approximately HKD40,094,340) and approximately RMB54,000,000 (approximately HKD50,943,396), respectively. The profit after tax of Seeout for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB7,700,000 (approximately HKD7,264,151) and RMB11,100,000 (approximately HKD10,471,698), respectively. The EBITDA of Seeout for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB9,200,000 (approximately HKD8,679,245) and RMB13,200,000 (approximately HKD12,452,830), respectively.

SANO MOU

Date: 27th March, 2002

Parties: (1) TOM Outdoor Media
(2) Sano
(3) Mr. Wang

Assets to be acquired

60% of the equity interest in Sano PRC Co. (of which 11% will be acquired by Sano TOM Nominee and 49% will be acquired by TOM Outdoor Media).

Major terms of the Sano MOU

(i) Establishment of Sano PRC Co.

Sano will establish Sano PRC Co. in the PRC.

The scope of business of Sano PRC Co. includes: design, production and distribution of domestic and foreign advertisements (including, without limitation, outdoor advertisements).

(ii) Asset acquisition

Upon the establishment of Sano PRC Co., Sano will transfer to Sano PRC Co. all outdoor advertising business/assets owned by it as at the date of signing the definitive agreement and from that date to the date of completion of the Sano Acquisition.

(iii) Establishment of Sano BVI Co. and Sano HK Co.

Upon the signing of the definitive agreement, Mr. Wang will:

(a) establish Sano BVI Co., which will be a company wholly-owned by him; and

(b) establish Sano HK Co., which will be a company wholly-owned by Sano BVI Co..

(iv) Restructuring of Sano PRC Co.

After the completion of the transfer of the outdoor advertising business/assets as mentioned in paragraph (ii) above, Mr. Wang will procure that Sano PRC Co. be converted from a PRC domestic entity to a sino-foreign equity joint venture enterprise which is owned as to 51% by Sano and as to 49% by Sano HK Co..

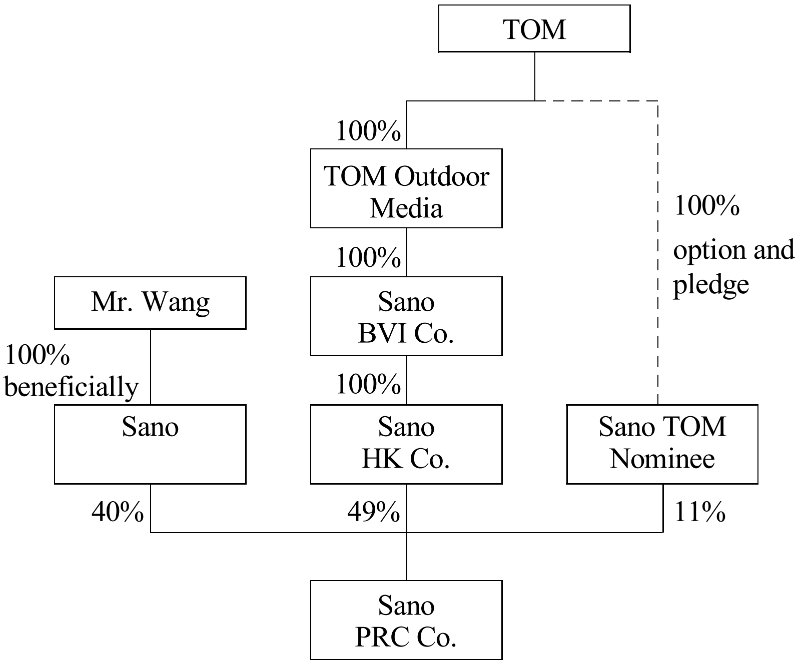
(v) Equity transfer and share acquisition

Subject to TOM being satisfied with the legality of the structure of the Sano Acquisition:

(a) Sano TOM Nominee will acquire 11% of the equity interest in Sano PRC Co. from Sano; and

(b) TOM Outdoor Media or its nominee(s) will acquire the entire issued share capital of Sano BVI Co. from Sano.

Proposed shareholding structure of Sano PRC Co. immediately after completion



Consideration

RMB36,100,000 (approximately HKD34,056,604) (subject to adjustments), of which:

(i) RMB15,000,000 (approximately HKD14,150,943) will be paid in cash within one month after the execution of the definitive agreement; and

(ii) RMB21,100,000 (approximately HKD19,905,660) will be satisfied by the issuance and allotment of approximately 3,612,642 Consideration Shares (representing approximately 0.11% of the Existing Capital) (credited as fully paid) at HKD5.51 per TOM Share (representing a premium of 37.75% to the closing price of HKD4.00 per TOM Share as quoted on the Stock Exchange on 27th March, 2002 (i.e., date of the Sano MOU) and a premium of approximately 36.28% to the average closing price of HKD4.043 per Share of the 10 consecutive trading days (including 27th March, 2002) before and including the date of the Sano MOU as quoted on the Stock Exchange). The Consideration Shares will be issued to the Sano Shareholders within one month after the later of: (a) the date of completion of the Sano Acquisition; or (b) the date of issue of the proforma audited accounts of Sano PRC Co. for the year ending 31st December, 2002.

The price per Consideration Share was arrived at after arm's length negotiations between the parties and being a price being acceptable to Sano, Mr. Wang and TOM Outdoor Media.

The consideration was arrived at after arm's length negotiations and based on the current size of the business and future prospects (i.e., revenue growth and profit growth) of Sano PRC Co.. The form of consideration and timing of payment are subject to the finalisation of the definitive agreement and therefore may change.

Adjustment to consideration

If the audited after-tax profits of Sano PRC Co. for the year ending 31st December, 2002 is greater than or equal to RMB6,800,000 (approximately HKD6,415,094), then no adjustment shall be made to the consideration. If the audited after-tax profits of Sano PRC Co. is more than RMB6,250,000 (approximately HKD5,896,226) but less than RMB6,800,000 (approximately HKD6,415,094), then Sano and the Sano Shareholders shall compensate TOM Outdoor Media 60% of the difference between RMB6,250,000 (approximately HKD5,896,226) and RMB6,800,000 (approximately HKD6,415,094). If the audited after-tax profits of Sano PRC Co. is less than RMB6,250,000 (approximately HKD5,896,226), then the consideration shall be adjusted accordingly.

Lock-up

The Consideration Shares may not be sold during a period of 12 months after the date of issuance of the Consideration Shares (''Lock-up Period''). 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.

Warranted Profit

Sano undertakes with TOM Outdoor Media that Sano PRC Co. will attain an annual increase of 15% in its audited after-tax profits under HKGAAP in each of the 3 years ending 31st December, 2003, 2004 and 2005, otherwise, Sano will indemnify TOM Outdoor Media for the amount of shortfall by deducting such amount of shortfall from any dividend of Sano PRC Co. which Sano may be entitled to.

Board composition

Immediately after the completion of the Sano Acquisition, the board of Sano PRC Co. will consist of 5 members, of which 3 shall be indirectly nominated by TOM Outdoor Media and the remaining 2 will be nominated by Sano.

The Sano MOU is non-legally binding except for certain provisions relating to the confidentiality and exclusivity, whereby the parties to the Sano MOU agree, inter alia, (i) to keep the contents of this memorandum of understanding and their negotiations confidential (save for general exceptions, such as if required by law or regulations); and (ii) Sano and Mr. Wang shall not enter into similar agreements with other parties within 6 months from the date of execution of the Sano MOU.

Information on Sano

Sano is the largest outdoor media company in Shenyang, the Liaoning Province. Shenyang has the highest outdoor expenditure among mainland PRC cities after Beijing, Shanghai and Guangzhou. Sano was established in 2000 with a quality asset portfolio of over 7,800 square metres of advertising space. These assets include 412 bus shelter lightboxes in prime locations, huge billboards on exteriors of buildings in Shenyang's commercial districts and unipoles along the airport highway.

Sano has an average occupancy rate of 70%. It has both domestic and international advertisers – its key clients are such as Motorola, Konka, Legend and Intel.

As per the management accounts of Sano, the revenue and profit after tax of Sano for the year ended 31st December, 2001 were approximately RMB18,600,000 (approximately HKD17,547,170) and RMB6,800,000 (approximately HKD6,415,094), respectively. The EBITDA of Sano for the year ended 31st December, 2001 was approximately RMB8,400,000 (approximately HKD7,924,528).

SOUTHWEST MOU

Date: 27th March, 2002

Parties: (1) TOM Outdoor Media
(2) Southwest
(e) Southwest Shareholders

Assets to be acquired

70% of the equity interest in Southwest PRC Co.

Major terms of the Southwest MOU

(i) Establishment of Southwest PRC Co.

Southwest will establish Southwest PRC Co. in the PRC.

The scope of business of Southwest PRC Co. includes: design, production and distribution of domestic and foreign advertisements (including, without limitation, outdoor advertisements).

(ii) Asset acquisition

Upon the establishment of Southwest PRC Co., Southwest will transfer to Southwest PRC Co. all outdoor advertising business/assets owned by it as at the date of signing the definitive agreement and from that date to the date of completion of the Southwest Acquisition.

(iii) Restructuring of Southwest PRC Co.

The parties shall discuss and agree on a structure that is legal and acceptable to the parties such that the Southwest Shareholders will, after the completion of the transfer of the outdoor advertising business/assets as mentioned in paragraph (ii) above, transfer 70% of the equity interest in Southwest PRC Co. to TOM Outdoor Media and/or its nominee(s).

Consideration

RMB46,432,000 (approximately HKD43,803,774) (subject to adjustments), of which:

(i) RMB19,530,000 (approximately HKD18,424,528) will be paid in cash within one month after the execution of the definitive agreement; and

(ii) RMB26,902,000 (approximately HKD25,379,245) will be satisfied by the issuance and allotment of approximately 4,606,034 Consideration Shares (representing approximately 0.14% of the Existing Capital) (credited as fully paid) at HKD5.51 per TOM Share (representing a premium of 37.75% to the closing price of HKD4.00 per TOM Share as quoted on the Stock Exchange on 27th March, 2002 (i.e., date of the Southwest MOU) and a premium of approximately 36.28% to the average closing price of HKD4.043 per TOM Share of the 10 consecutive trading days (including 27th March, 2002) before and including the date of the Southwest MOU as quoted on the Stock Exchange). The Consideration Shares will be issued to the Southwest Shareholders in proportion to their respective shareholding in Southwest within one month after the later of: (a) the date of completion of the Southwest Acquisition; or (b) the date of issue of the proforma audited accounts of Southwest PRC Co. for the 12 month period commencing from the date of the definitive agreement.

The price per Consideration Share was arrived at after arm's length negotiations between the parties and being a price being acceptable to Southwest, the Southwest Shareholders and TOM Outdoor Media.

The consideration was arrived at after arm's length negotiations and based on the current size of the business and future prospects (i.e., revenue growth and profit growth) of Southwest PRC Co.. The form of consideration and the timing of payment are subject to the finalisation of the definitive agreement and therefore may change.

Adjustment to the consideration

If the proforma audited after-tax profits of Southwest PRC Co. for the period of 12 months commencing from the date of the definitive agreement (''Financial Period'') is less than the after-tax profits of Southwest for the year ended 31st December, 2001, then the consideration shall be adjusted accordingly.

Any excess consideration that has already been paid to the Southwest Shareholders shall be refunded to TOM Outdoor Media within 14 days from the date of issue of the audited accounts for the Financial Period.

Lock-up

The Consideration Shares may not be sold during a period of 12 months after the date of issuance of the Consideration Shares (''Lock-up Period''). 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.

Board composition

Immediately after the completion of the Southwest Acquisition, the board of Southwest PRC Co. will consist of 7 members, of which 4 shall be indirectly nominated by TOM Outdoor Media and the remaining 3 will be nominated by Southwest.

The Southwest MOU is non-legally binding except for certain provisions relating to confidentiality and exclusivity, whereby the parties to the Southwest MOU agree, inter alia, (i) to keep the contents of this memorandum of understanding and their negotiations confidential (save for general exceptions, such as if required by law or regulations); and (ii) Southwest and the Southwest Shareholders shall not enter into similar agreements with other parties within 6 months from the date of execution of this Southwest MOU.

Information on Southwest

Based in Chengdu, the Sichuan Province, Southwest was set up in 1992. Southwest is the largest outdoor advertising company in Chengdu, which is amongst the top 10 cities with the highest advertising expenditure.

Southwest owns key outdoor advertising assets along the 360-kilometre Chengdu-Chongqing highway, which has the highest traffic flow in the region. These highway assets include 30 unipoles and over 100 outdoor billboards at flyovers, toll booths and tunnels. Total advertising space is around 29,300 square meters with an occupancy rate of over 80%. In addition, Southwest is also advertising agent for over 40,000 square meters of outdoor advertising media including billboards along Sichuan's major highways.

As per the management accounts of Southwest, the revenue of Southwest for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB14,500,000 (approximately HKD13,679,245) and approximately RMB28,600,000 (approximately HKD26,981,132), respectively. The profit after tax of Southwest for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB5,300,000 (approximately HKD5,000,000) and RMB9,600,000 (approximately HKD9,056,604), respectively. The EBITDA of Southwest for the years ended 31st December, 2000 and 31st December, 2001 were approximately RMB6,300,000 (approximately HKD5,943,396) and RMB12,300,000 (approximately HKD11,603,774), respectively.

REASONS FOR ENTERING INTO THE MEMORANDA OF UNDERSTANDING

TOM has aggressively pursued an expansion strategy to consolidate leading outdoor media players in key economic cities nationwide. The above proposed acquisitions will make TOM the largest outdoor media operator in the PRC. TOM's network owns the most diversified outdoor media asset base, with 44% in billboards, 31% in unipoles and the rest in street furniture and transport assets. Such mix represents the most effective and best selling outdoor asset base in each city and across the entire network.

As with the previous acquisitions, the four newly acquired companies are all leaders in their respective cities and provinces, with strong management experience in the outdoor advertising field and good relationship with government authorities. All the four companies record occupancy rates of between 70% and 80% and high net profit margins of at least 20%.

The Directors consider that the proposed acquisitions will position TOM for further growth through integration and organic growth. As a result of our integration effort, the overall occupancy rate and profit margin of TOM's outdoor media business will be maintained at a high level.

TOM has established a holding company to integrate the assets of the 12 companies (i.e., (1) Bomei; (2) Seeout; (3) Sano; (4) Southwest; (5) 昆明風馳傳媒有限公司 (Kunming Fench Media Company Limited); (6) 上海美亞文化傳播有限公司 (Shanghai Maya Cultural Transmission Company Limited); (7) Perfect Team Limited; (8) 齊魯國際廣告有限公司 (Qilu International Advertising Company Limited) and 濟南齊魯新基業户外廣告有限公司 (Jinan Qilu Xinjiye Advertising Company Limited); (9) 青島春雨廣告裝飾工程有限公司 (Qingdao Chunyu Advertising and Decor Construction Company Limited); (10) 遼寧鑫星盛世廣告有限公司 (New Star Prosperity Advertising Company Limited); (11) 河南天明廣告有限公司 (Henan Tianming Advertising Company Limited); and (12) 北京炎黃時代廣告公司 (Beijing Yanhuang Times Advertising Corporation)) in TOM's outdoor media network. The revenue, profits before taxation and EBITDA for these 12 companies in aggregate for the year ended 31st December, 2001 amounted to approximately RMB389,000,000 (approximately HKD366,981,132), approximately RMB141,400,000 (approximately HKD133,396,226) and approximately RMB161,100,000 (approximately HKD151,981,132), respectively. The TOM Outdoor Media Group will be the central platform to provide value-adding services to its outdoor subsidiaries and total outdoor solutions to its clients. These include unified branding, coordinated pricing and media buying, central financial management, research and development, etc.

In addition, the suite of bundled products of each of Bomei, Seeout, Sano and Southwest provides synergistic benefits across TOM's cross-media platform as each contributes market insight, client referral and cross-selling opportunities that can improve the performance of the other divisions. For instance, upon completion of the proposed acquisitions, Bomei PRC Co., Seeout PRC Co., Sano PRC Co. and Southwest PRC Co. can package products to include *online advertising from TOM's Internet portals:* CN TOM, HK TOM, shawei.com, aastocks.com, she.com; *direct email marketing from email service provider:* 163.net; *TV commercials from interactive television venture:* Shanghai Maya Online as well as *printed advertisements from publishers and content providers:* PC Home magazines, Business Weekly magazines, etc. The Directors are of the view that the benefits and the cross-selling opportunities brought by the proposed acquisitions are important for TOM to achieve its objectives in ''generating online advertising revenue'' as stated in TOM's prospectus and ''as a leading provider of 'total advertising solutions''' stated in TOM's Annual Report 2000.

The proposed acquisitions are in line with the statement of business objectives of TOM as disclosed in TOM's prospectus dated 18th February, 2000.

GENERAL

All of the memoranda of understanding are non-legally binding except for certain provisions relating to confidentiality and exclusivity, whereby the parties to the memoranda of understanding agree, among other things, not to enter into similar agreements with other parties within a certain period of time (depending on the relevant memorandum of understanding, ranging from 6 months to 210 days) from the date of execution of the relevant memorandum of understanding.

Upon the signing of the relevant definitive agreements for the aforesaid acquisitions, TOM will comply with Chapter 19 of the GEM Listing Rules and issue separate announcements to disclose the further details of the relevant acquisitions (including whether they are notifiable transactions).

As the above acquisitions may or may not take place, shareholders and investors of TOM are advised to exercise caution when dealing in the TOM shares. **The Directors will keep the market informed as and when any terms concerning the above transactions have been agreed or any agreement has been signed in accordance with 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

''Associates''	means the same meaning as described under the GEM Listing Rules
''Board''	means the board of Directors of TOM
''Bomei''	means 廈門博美廣告有限公司 (Xiamen Bomei Advertising Co., Ltd.), a company organised 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 at the date hereof, Bomei is beneficially wholly-owned by Mr. Chen
''Bomei Acquisition''	means the proposed acquisition by TOM Outdoor Media of 60% of the equity interest in Bomei PRC Co. (of which 11% will be acquired by Bomei TOM Nominee and 49% will be acquired by TOM Outdoor Media)
''Bomei BVI Co.''	means a limited liability company to be incorporated in the BVI as a company wholly-owned by Mr. Chen
''Bomei HK Co.''	means a limited liability company to be incorporated in Hong Kong as a wholly-owned subsidiary of Bomei BVI Co. and Bomei HK Co. will acquire 49% of the equity interest in Bomei PRC Co.
''Bomei MOU''	means a non-legally binding memorandum of understanding entered into between TOM Outdoor Media, Bomei and Mr. Chen on 27th March, 2002 in relation to the Bomei Acquisition
''Bomei PRC Co.''	means a domestic company to be incorporated in the PRC and owned by Bomei
''Bomei TOM Nominee''	means a purely domestic PRC entity to be nominated by TOM Outdoor Media to acquire 11% of the equity interest in Bomei PRC Co. from Bomei. The shareholders of Bomei 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 of the equity interest in Bomei TOM Nominee at the total consideration for an amount equal to the entire registered capital of Bomei TOM Nominee
''BVI''	means the British Virgin Islands

‘‘Consideration Shares’’	means the TOM Shares credited as fully paid at HKD5.51 per TOM Share to be allotted and issued as part of the consideration under the Bomei Acquisition, Seeout Acquisition, Sano Acquisition and Southwest Acquisition
‘‘Director(s)’’	means the director(s) of TOM
‘‘Existing Capital’’	means 3,292,549,808 Shares in issue on 27th March, 2002
‘‘GEM Listing Rules’’	means the Rules Governing the Listing of Securities on GEM
‘‘GEM’’	means the Growth Enterprise Market of the Stock Exchange
‘‘Hong Kong’’	means the Hong Kong Special Administrative Region of the PRC
‘‘HKD’’	means Hong Kong dollars
‘‘Mr. Chen’’	means Chen Maosheng (陳茂盛), the general manager of Bomei, who is independent from the Directors, chief executive, substantial shareholders or management shareholders of TOM or any of their respective Associates. As at the date hereof, Mr. Chen beneficially owns the entire equity interest of Bomei
‘‘Mr. Wang’’	means Wang Chengcheng (王成城), the general manager of Sano, who is independent from the Directors, chief executive, substantial shareholders or management shareholders of TOM or any of their respective Associates. As at the date hereof, Mr. Wang beneficially owns the entire equity interest of Sano
‘‘PRC’’	means the People’s Republic of China
‘‘RMB’’	means Renminbi
‘‘Sano’’	means 瀋陽沙諾金廂廣告有限公司 (Shenyang Sano Jinxiang Advertising Co., Ltd.), a company organised 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 at the date hereof, Sano is beneficially wholly-owned by Mr. Wang
‘‘Sano Acquisition’’	means the proposed acquisition by TOM Outdoor Media of 60% of the equity interest in Sano PRC Co. (of which 11% will be acquired by Sano TOM Nominee and 49% will be acquired by TOM Outdoor Media)

''Sano BVI Co.''	means a limited liability company to be incorporated in the BVI as a company wholly-owned by the Sano Shareholders
''Sano HK Co.''	means a limited liability company to be incorporated in Hong Kong as a wholly-owned subsidiary of Sano BVI Co. and Sano HK Co. will acquire 49% of the equity interest in Sano PRC Co.
''Sano PRC Co.''	means a domestic company to be incorporated in the PRC and owned by Sano
''Sano MOU''	means a non-legally binding memorandum of understanding entered into between TOM Outdoor Media, Sano and Mr. Wang on 27th March, 2002 in relation to the Sano Acquisition
''Sano TOM Nominee''	means a purely domestic PRC entity to be nominated by TOM Outdoor Media to acquire 11% of the equity interest in Sano PRC Co. from Sano. The shareholders of Sano 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 of the equity interest in Sano TOM Nominee at the total consideration for an amount equal to the entire registered capital of Sano TOM Nominee
''Seeout''	means 福建新奧户外廣告有限公司 (Fujian Seeout Outdoor Advertising Co., Ltd.), a company organised 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 at the date hereof, Seeout is owned as to 50% by Fujian Effort Media Enterprise Co. Ltd. (which is engaged in the advertising agency business), as to 40% by Li Guoping (李國平) beneficially and as to 10% by Guo Xiao Yang (郭曉陽)
''Seeout Acquisition''	means the proposed acquisition by TOM Outdoor Media of 60% of the equity interest in Seeout PRC Co. (of which 11% will be acquired by Seeout TOM Nominee and 49% will be acquired by TOM Outdoor Media)
''Seeout BVI Co.''	means a limited liability company to be incorporated in the BVI as a company wholly-owned by the Seeout Shareholders
''Seeout HK Co.''	means a limited liability company to be incorporated in Hong Kong as a wholly-owned subsidiary of Seeout BVI Co. and Seeout HK Co. will acquire 49% of the equity interest in Seeout PRC Co.

‘‘Seeout MOU’’	means a non-legally binding memorandum of understanding entered into between TOM Outdoor Media, Seeout and the Seeout Shareholders on 27th March, 2002 in relation to the Seeout Acquisition
‘‘Seeout PRC Co.’’	means a domestic company to be incorporated in the PRC and owned by Seeout
‘‘Seeout Shareholders’’	means Fujian Effort Media Enterprise Co. Ltd., Li Guoping (李國平) and Guo Xiao Yang (郭曉陽), all being independent from the Directors, chief executive, substantial shareholders or management shareholders of TOM or any of their respective Associates
‘‘Seeout TOM Nominee’’	means a purely domestic PRC entity to be nominated by TOM Outdoor Media to acquire 11% of the equity interest in Seeout PRC Co. from Seeout. The shareholders of Seeout 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 of the equity interest in Seeout TOM Nominee at the total consideration for an amount equal to the entire registered capital of Seeout TOM Nominee
‘‘Stock Exchange’’	means The Stock Exchange of Hong Kong Limited
‘‘Southwest’’	means 四川西南國際廣告公司 (Sichuan Southwest International Advertising Co.), a company organised 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 at the date hereof, Southwest is owned as to 70% by 蕭景勛, as to 5% by 張傳林 and as to 25% by 肖力維
‘‘Southwest Acquisition’’	means the proposed acquisition by TOM Outdoor Media of 70% of the equity interest in Southwest PRC Co.
‘‘Southwest MOU’’	means a non-legally binding memorandum of understanding entered into between TOM Outdoor Media, Southwest and the Southwest Shareholders on 27th March, 2002 in relation to the Southwest Acquisition
‘‘Southwest PRC Co.’’	means a domestic company to be incorporated in the PRC and owned by Southwest

''Southwest Shareholders''	means 蕭景勛, 張傳林 and 肖力維, all being independent from the Directors, chief executive, substantial shareholders or management shareholders of TOM or any of their respective Associates
''TOM''	means TOM.COM LIMITED, a company incorporated in the Cayman Islands and whose shares are listed on GEM
''TOM Group''	means TOM and its subsidiaries
''TOM Outdoor Media''	means Tom.com Outdoor Media Group Limited (to be renamed as TOM Outdoor Media Group Limited), a 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, 27th March, 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 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 on the ''Latest Company Announcements'' page for at least 7 days from the day of its posting and on the website of TOM at www.tom.com.