

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 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 13th March, 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 Tianming PRC Co., an outdoor advertising company to be established in the PRC at an aggregate consideration of RMB56,440,367 (approximately HKD53,245,629) (subject to adjustment).

RMB16,000,000 (approximately HKD15,094,340) (subject to adjustment), being approximately 28% of the Consideration, will be satisfied by cash; and RMB40,440,367 (approximately HKD38,151,290) (subject to adjustment), being approximately 72% of the Consideration, will be satisfied by the issue and allotment of 6,924,009 Consideration Shares (representing approximately 0.21% of the Existing Capital and approximately 0.21% 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 Tianming 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 Tianming Acquisition will be despatched to the shareholders of TOM as soon as practicable.

THE AGREEMENT

Date: 13th March, 2002

Parties:

- (1) TOM Outdoor Media
- (2) Mr. Jiang
- (3) Tianming

Assets to be acquired

50% of the equity interest in Tianming PRC Co. (of which 1% will be acquired by TOM Nominee and 49% will be acquired by TOM Outdoor Media), which will be acquired by TOM Outdoor Media through the Equity Transfer and the Share Acquisition. TOM has already sought PRC legal advice on the legality of the transactions contemplated under the Agreement and has received a preliminary legal opinion that, inter alia, the transactions contemplated under the Agreement will not in substance violate the laws in the PRC. The Directors have received comfort from TOM's PRC legal counsels with respect to the above arrangement. Completion of the Tianming Acquisition is conditional upon receiving a full legal opinion on the transactions contemplated under the Agreement, please refer to the section headed "Conditions precedent" for more information.

Major terms of the Agreement

(i) *Establishment of Tianming PRC Co.*

Mr. Jiang will establish Tianming PRC Co. in the PRC within 45 days from the date of the Agreement.

Proposed initial corporate structure of Tianming PRC Co. are as follows:

- (a) Registered capital: RMB6,000,000 (approximately HKD5,660,377) to RMB8,000,000 (approximately HKD7,547,170) (all of which will be contributed by Tianming and Mr. Jiang in cash before Completion)
- (b) Initial shareholders: (i) Tianming
(ii) Mr. Jiang or other companies controlled by Mr. Jiang
- (c) Scope of business: design (e.g., creating posters and outdoor banners), production (e.g., supervising the entire project, including outsourcing the printing part of the process to third party printers), and distribution of domestic and foreign advertisements (including, without limitation, outdoor advertisements)

(ii) *Asset Acquisition*

Upon the establishment of Tianming PRC Co., each of Tianming and Mr. Jiang will transfer to Tianming PRC Co. all advertising business/assets (including outdoor advertising business/assets) owned by it/him as at 1st January, 2002 and from this date to the date of completion of the Asset Acquisition (inclusive).

(iii) *Consultancy Agreement*

At the completion of the Asset Acquisition, Tianming 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 Tianming PRC Co. into the TOM Group) to Tianming PRC Co.
- (b) Term: from the date of the Consultancy Agreement to the date of Completion
- (c) Service fee: an amount equal to 50% of the after-tax profits of Tianming PRC Co. during the term of the Consultancy Agreement

(iv) *Establishment of Tianming BVI Co. and Tianming HK Co.*

- (a) Mr. Jiang will establish Tianming BVI Co. within 45 days from the date of the Agreement. Mr. Jiang will own the entire issued share capital of Tianming BVI Co.;
- (b) Tianming BVI Co. will establish Tianming HK Co. which will be wholly-owned by Tianming BVI Co.; and
- (c) After the establishment of Tianming BVI Co., Mr. Jiang will transfer or procure the transfer of 49% of the equity interest in Tianming PRC Co. to Tianming HK Co. and procure that Tianming PRC Co. be converted from a PRC domestic entity to a sino-foreign equity joint venture enterprise.

(v) *Equity Transfer*

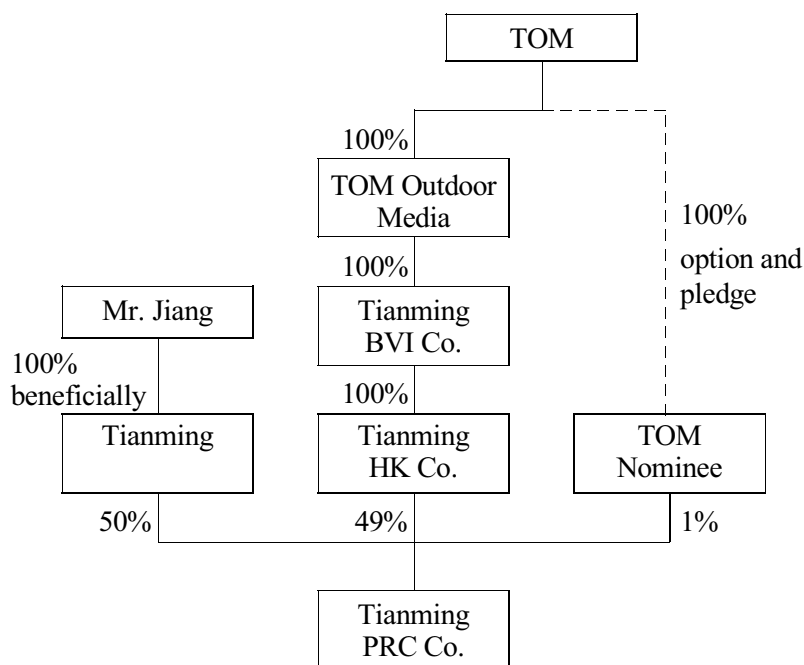
TOM Nominee will acquire 1% of the equity interest in Tianming PRC Co. from Mr. Jiang or his nominee(s). As a result, Tianming PRC Co. will be owned as to 50% by Tianming, as to 49% by Tianming HK Co. and as to 1% by TOM Nominee.

(vi) *Share Acquisition*

TOM Outdoor Media or its nominee will acquire the entire issued share capital of Tianming BVI Co. from Mr. Jiang and/or his nominee(s) at Completion. Immediately after Completion, the board of directors of Tianming 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 Tianming.

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

Shareholding structure of Tianming PRC Co. immediately after Completion



Upon Completion, Tianming PRC Co. will become a subsidiary of TOM (subject to 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 RMB56,440,367 (approximately HKD53,245,629), of which,

- (a) RMB16,000,000 (approximately HKD15,094,340), 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 Mr. Jiang in the following manner:

- (i) RMB12,000,000 (approximately HKD11,320,755) will be paid within 30 days from the date of the Agreement; and

- (ii) RMB4,000,000 (approximately HKD3,773,585) will be paid within 30 days from the later of: (1) the date of Completion; or (2) the date of issue of the proforma audited accounts of Tianming PRC Co. prepared in accordance with HKGAAP for the year ending 31st December, 2002 (which audited accounts is expected to be issued in late March, 2003).
- (b) RMB40,440,367 (approximately HKD38,151,290), being approximately 72% of the Consideration, will be satisfied by the issue and allotment of 6,924,009 Consideration Shares (representing approximately 0.21% of the Existing Capital and approximately 0.21% of the Enlarged Capital) (credited as fully paid) at HKD5.51 per TOM Share to Mr. Jiang and/or his nominee(s).

The price per Consideration Share represents a premium of approximately 32.77% to the closing price of HKD4.15 per TOM Share as quoted on the Stock Exchange on 13th March, 2002 (i.e., date of the Agreement) and a premium of approximately 37.15% to the average closing price of HKD4.0175 per TOM Share of 10 consecutive trading days before and including the date of the Agreement (i.e., 13th March, 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 Mr. Jiang, Tianming and TOM Outdoor Media.

Subject to the fulfilment of all the conditions precedent (as set out in the Agreement), the Consideration Shares will be issued to Mr. Jiang and/or his nominee(s) in the following manner:

- (i) 5,193,006 Consideration Shares will be issued within 30 days from the date of Completion; and
- (ii) the balance of 1,731,003 Consideration Shares (subject to adjustment) will be issued within 90 days from the later of: (1) the date of Completion; or (2) the date of issue of the proforma audited accounts of Tianming PRC Co. for the year ending 31st December, 2002 (which audited accounts is expected to be issued in late March, 2003).

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., the expected rates of revenue growth and profit growth) of Tianming PRC Co. and of the outdoor advertising industry in the PRC as the whole. It is expected that the outdoor advertising industry in the PRC as the whole will grow by 10% to 12% in 2002. TOM expects that Tianming PRC Co. will grow at a rate higher than such industry growth rate over the next 3 years.

Lock-up

1. (a) 5,193,006 of the Consideration Shares (“Lockup Shares”) may not be sold during a period of 12 month after the date of the Agreement (“Lock-up Period”); (b) the Lockup 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 Lockup Shares; and (c) the Lockup Shares will be pledged with TOM Outdoor Media during the Lock-up Period as a security for the due performance of the obligations of Mr. Jiang and Tianming under the Agreement.
2. The remaining 1,731,003 of the Consideration Shares will not subject to any lock-up restriction provided that only up to 1% of such portion of the Consideration Shares may be sold on any one trading day.

Adjustment of Consideration

- (1) If the Consideration (i.e., RMB56,440,367 (approximately HKD53,245,629)) is not equal to 50% of the amount of the audited after-tax profits under HKGAAP made by the advertising business (including outdoor advertising business) of Tianming PRC Co. to be transferred to Tianming PRC Co. pursuant to the Asset Acquisition for the year ending 31st December, 2002 (“2002 Profit”), then:

1. the amount of the Cash Consideration will be adjusted as follows:

$$A = \frac{B}{56,440,367} \times 16,000,000$$

2. the number of the Consideration Shares will be adjusted as follows:

$$C = \frac{B}{56,440,367} \times 40,440,367 \div 5.51$$

Where:

- (i) A = Adjusted Cash Consideration (subject to a cap of RMB34,500,000 (approximately HKD32,547,170))
- (ii) B = 50% of 2002 Profit
- (iii) C = Adjusted Consideration Shares (subject to a cap of RMB87,200,000 (approximately HKD82,264,151))

The above formulae for calculating the Adjusted Cash Consideration and the Adjusted Consideration Shares were arrived at after arm’s length commercial negotiations between the parties which takes into account the possible return on investment for TOM. For the avoidance of doubt, the maximum amount of Adjusted Consideration is

approximately RMB121,700,000 (approximately HKD114,811,321), of which: (a) a maximum amount of RMB34,500,000 (approximately HKD32,547,170) will be the Adjusted Cash Consideration; and (b) a maximum amount of RMB87,200,000 (approximately HKD82,264,151) will be the Adjusted Consideration Shares, which will be satisfied by the issue and allotment of 14,929,972 Adjusted Consideration Shares (representing approximately 0.45% of the Existing Capital and approximately 0.45% of the Further Enlarged Capital) (credited as fully paid) at HKD5.51 per TOM Share.

- (2) If the amount of the Adjusted Cash Consideration and the number of the Adjusted Consideration Shares are less than the amount of the Cash Consideration and the number of the Consideration Shares, respectively:
 - (a) Mr. Jiang 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 of issue of the proforma audited accounts of Tianming PRC Co. for the year ending 31st December, 2002 (which audited accounts is expected to be issued in late March, 2003). The adjustment to Cash Consideration will be effected by way of repayment of the relevant portion of cash by Mr. Jiang to TOM Outdoor Media or from proceeds of the sale of all or part of the Consideration Shares that have been pledged with TOM Outdoor Media; and
 - (b) TOM will issue such number of the Adjusted Consideration Shares instead of the number of the Consideration Shares in accordance with the timing for the issue and allotment of the Consideration Shares mentioned under the section headed “Consideration” above. In the event that, at the time of adjustment of the Consideration, the number of the Consideration Shares already issued is more than the number of the Adjusted Consideration Shares, Mr. Jiang shall sell such excess number of the Consideration Shares already issued to him on the market and thereafter pay the sale proceeds to TOM Outdoor Media.
- (3) If the amount of the Adjusted Cash Consideration and the number of the Adjusted Consideration Shares are more than the amount of the Cash Consideration and the number of the Consideration Shares, respectively:
 - (a) TOM Outdoor Media shall pay to Mr. Jiang an amount equal to the difference between the Cash Consideration and the Adjusted Cash Consideration within 14 business days from the date of issue of the proforma audited accounts of Tianming PRC Co. for the year ending 31st December, 2002 (which audited accounts is expected to be issued in late March, 2003) is issued; and
 - (b) Such number of the Adjusted Consideration Shares instead of the number of the Consideration Shares will be issued by TOM in accordance with the timing for the issue and allotment of the Consideration Shares mentioned under the section headed “Consideration” above.

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

Warranted Profit

- (a) Mr. Jiang warrants to, and undertakes with, TOM Outdoor Media that Tianming PRC Co. will attain an annual increase of 15% in its audited after-tax profits under HKGAAP in each of the years ending 31st December, 2003, 2004 and 2005 (in each case, the “Warranted Profit”), otherwise, Mr. Jiang and/or Tianming will indemnify Tianming PRC Co. in cash for the amount of shortfall in any of the above years within 60 days from the date of the issue of the audited accounts for the relevant year.
- (b) If the aggregate amount of the audited after-tax profits made by Tianming PRC Co. from the years 2003 to 2005 (inclusive) is equal to or more than 399.34% of the 2002 Profit (“Aggregate Warranted Profit”), then Tianming PRC Co. will refund to Mr. Jiang and/or Tianming the amount indemnified by Mr. Jiang and/or Tianming mentioned in paragraph (a) above (if any).

Any refund of the amount indemnified by Mr. Jiang and/or Tianming will be reviewed by the independent Directors and TOM will disclose in its annual report the details of any such refund.

Incentive Shares

Pursuant to the Agreement, it was agreed that, as an incentive for the management team of Tianming PRC Co. (which is expected to consist of 5-7 members, including Mr. Jiang, who will be appointed as the general manager of Tianming PRC Co. (subject to confirmation by the board of directors of Tianming PRC Co.), and such departmental heads of Tianming PRC Co. to be determined by the board of directors of Tianming PRC Co.), to strive for higher profitability for Tianming PRC Co., such management team will be entitled to a bonus of a maximum of RMB5,000,000 (approximately HKD4,716,981) worth of the Incentive Shares, which will be issued and allotted in the following manner if the Incentive Profit (referred to each of paragraphs (a)(i), (a)(ii), (a)(iii), (b)(i) and (b)(ii) below) is met:

- (a) (i) if Tianming PRC Co. achieves the Warranted Profit for 2003, then TOM will issue and allot RMB1,000,000 (approximately HKD943,396) worth of the Incentive Shares within 30 days from the date of issue of the audited accounts of Tianming PRC Co. for the year ending 31st December, 2003 at an issue price equal to the average closing price of the TOM Shares as traded on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of the issue of the audited accounts of Tianming PRC Co. for the year ending 31st December, 2003. For reference only, if using the closing price of HKD4.15 per TOM Share as quoted on the Stock Exchange as at the date of the Agreement, approximately 227,324 Incentive Shares will be issued (representing approximately 0.007% and approximately 0.007% of the Existing Capital and the Enlarged Capital respectively); and

- (ii) if Tianming PRC Co. achieves the Warranted Profit for each of 2003 and 2004, then TOM will issue and allot RMB1,500,000 (approximately HKD1,415,094) worth of the Incentive Shares within 30 days from the date of issue of the audited accounts of Tianming PRC Co. for the year ending 31st December, 2004 at an issue price equal to the average closing price of the TOM Shares as traded on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of the issue of the audited accounts of Tianming PRC Co. for the year ending 31st December, 2004. For reference only, if using the closing price of HKD4.15 per TOM Share as quoted on the Stock Exchange as at the date of the Agreement, approximately 340,986 Incentive Shares will be issued (representing approximately 0.01% and approximately 0.01% of the Existing Capital and the Enlarged Capital respectively); and
 - (iii) if Tianming PRC Co. achieves the Warranted Profit for each of 2003, 2004 and 2005, then TOM will issue and allot RMB2,500,000 (approximately HKD2,358,491) worth of the Incentive Shares within 30 days from the date of issue of the audited accounts of Tianming PRC Co. for the year ending 31st December, 2005 at an issue price equal to the average closing price of the TOM Shares as traded on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of the issue of the audited accounts of Tianming PRC Co. for the year ending 31st December, 2005. For reference only, if using the closing price of HKD4.15 per TOM Share as quoted on the Stock Exchange as at the date of the Agreement, approximately 568,311 Incentive Shares will be issued (representing approximately 0.017% and approximately 0.017% of the Existing Capital and the Enlarged Capital respectively); or
- (b) (i) if Tianming PRC Co. achieves the Warranted Profit for 2004 and the Aggregate Warranted Profit, but fails to achieve the Warranted Profit for 2003, then TOM will issue and allot RMB5,000,000 (approximately HKD4,716,981) worth of the Incentive Shares. For reference only, if using the closing price of HKD4.15 per TOM Share as quoted on the Stock Exchange as at the date of the Agreement, approximately 1,136,621 Incentive Shares will be issued (representing approximately 0.035% and approximately 0.034% of the Existing Capital and the Enlarged Capital respectively); or
- (ii) if Tianming PRC Co. achieves the Warranted Profit for 2003 and the Aggregate Warranted Profit, but fails to achieve the Warranted Profit for 2004, then TOM will issue and allot balance of the Incentive Shares, being RMB4,000,000 (approximately HKD3,773,585) worth of the Incentive Shares. For reference only, if using the closing price of HKD4.15 per TOM Share as quoted on the Stock Exchange as at the date of the Agreement, approximately 909,297 Incentive Shares will be issued (representing approximately 0.028% and approximately 0.028% of the Existing Capital and the Enlarged Capital respectively),

within 30 days from the date of issue of the audited accounts of Tianming PRC Co. for the year ending 31st December, 2005 at an issue price equal to the average closing price of the TOM Shares as traded on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of the issue of such accounts.

- (2) if the aggregate amount of the audited after-tax profits for the years ending 31st December, 2003, 2004 and 2005, respectively, exceeds the Aggregate Warranted Profit, the management team of Tianming PRC Co. will be entitled to an additional bonus for an amount equal to 20% of such excess. This payment will be payable in cash by Tianming PRC Co..

Before each issuance of the Incentive Shares, the calculation will be reviewed by the independent Directors and TOM will make appropriate disclosures in its annual report accordingly.

Tax Indemnity

As at the date of the Agreement, Tianming PRC Co. has not yet been established and hence the actual rate of profits tax applicable to Tianming PRC Co. is not yet known. The calculation of the Consideration is based on, among other things, the Preferential Rate (as defined below), and therefore, pursuant to the Agreement, Mr. Jiang warrants to, and undertakes with, TOM Outdoor Media that:

- (i) the actual rate of profits tax applicable to Tianming PRC Co. in the year ending 31st December, 2002 (“2002 Tax Rate”) will be less than the statutory rate of 33%;
- (ii) the 2002 Tax Rate will continue to be applicable to Tianming PRC Co. in each of the years ending 31st December, 2006 and 2007; and
- (iii) if the actual rate of profits tax applicable to Tianming PRC Co. in either of the years ending 31st December, 2006 or 2007:
 - (a) is lower than the 2002 Tax Rate, then the additional amount of tax which Tianming PRC Co. would otherwise be required to pay had the 2002 Tax Rate been applicable in that year will be treated as tax reserve (“Tax Reserve”); and/or
 - (b) is higher than the 2002 Tax Rate, then the additional amount of tax actually payable by Tianming PRC Co. will first be made up by the Tax Reserve (if any) and if the amount of the Tax Reserve is insufficient to cover such additional amount of tax payable by Tianming PRC Co., then Mr. Jiang and/or Tianming will indemnify Tianming PRC Co. in cash for the remaining amount of such additional amount of tax payable by Tianming PRC Co.; and
- (iv) if the aggregate amount of profits tax actually payable by Tianming PRC Co. in of the years ending 31st December, 2006 and 2007, respectively, is less than the aggregate amount of profits tax which Tianming PRC Co. would otherwise be payable had the 2002 Tax Rate been applicable in these two years, then Tianming PRC Co. will refund to Mr. Jiang and/or Tianming the amount indemnified by Mr. Jiang and/or Tianming mentioned in paragraph (ii)(b) above (if any).

The parties decide that it would not be necessary for Mr. Jiang to warrant that the actual rate of profits tax applicable to Tianming PRC Co. in each of the years ending 31st December, 2003, 2004 and 2005 would not be higher than the 2002 Tax Rate because if the actual rate of profits tax applicable to Tianming PRC Co. in any of these years is higher than the 2002 Tax Rate, the management team of Tianming PRC Co. (which will be led by Mr. Jiang as mentioned in the section headed “Incentive Shares” above) would need to strive for higher profitability for Tianming PRC Co. in order to achieve the Warranted Profit for that year, otherwise Mr. Jiang and/or Tianming would be required to indemnify Tianming PRC Co. for any shortfall in the amount of profits made by Tianming PRC Co. in the same year as mentioned in the section headed “Warranted Profit” above. After 2007, if there are any Tax Reserve, such amount will be transferred to distributable profit in which all shareholders of Tianming PRC Co. will be entitled upon the approval from the board of Tianming PRC Co..

Conditions precedent

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

- (a) Tianming PRC Co. having been converted to a sino-foreign equity joint venture advertising company, being owned as to 50% by Tianming, as to 49% by Tianming 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 employment agreement having been duly executed between Tianming PRC Co. and each member of the management team of Tianming PRC Co. mentioned in the section headed “Incentive Shares” above;
- (d) the proforma balance sheet of Tianming PRC Co. prepared in accordance with HKGAAP 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, Tianming PRC Co. has a net asset value of RMB8 million (approximately HKD7.5 million) (including approximately RMB2 million (approximately HKD1.9 million) in cash and approximately RMB6 million (approximately HKD5.7 million) in fixed assets), and that Tianming PRC Co. has no liability in relation to any unpaid tax, employee benefits reserve and/or any other debts not incurred in relation to Tianming 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 Tianming 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 approved by TOM Outdoor Media. Approvals required in the

Tianming Acquisition includes approvals from the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) and the State Administration of Industry and Commerce (SAIC);

- (g) Tianming and Mr. Jiang having executed a warranty (in such form and substance satisfactory to TOM Outdoor Media) warranting the matters mentioned in the representations and warranties provisions of the Agreement;
- (h) 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
- (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 the date on which all the conditions precedent as set out in the Agreement is fulfilled (or waived) on or before 30th November, 2002 or such other date as the parties may otherwise agree.

INFORMATION ON TIANMING

Tianming was founded by Mr. Jiang in 1993. He is publisher of *China Entrepreneur* and won the “Henan 10 Most Outstanding Youth” award. Apart from outdoor advertising, Tianming also engages in advertising agency business in respect of television and newspaper advertisement via Tianming’s advertising affiliate network which accounts for 30% of its total revenue. Tianming’s advertising affiliate network also allows Tianming to “bundle” and “package” its own outdoor advertising with cross-media advertising services, for example, online banners, browser pop-ups, direct emails, email newsletters, magazines, newspapers and television, *together* with project management services to achieve an “one stop shop”.

Tianming’s prime assets are unipoles, double-decker bus advertising, billboards and archway signages. Tianming operates the largest bus advertising fleet in Zhengzhou. It has also completed the construction of 20 additional unipoles along the Zhengzhou Airport Expressway.

The unaudited proforma net revenues of Tianming PRC Co. as reported under PRC GAAP were approximately RMB33.5 million and approximately RMB25.3 million (approximately HKD31.6 million and approximately HKD23.9 million) for the years ended 31st December, 2000 and 31st December, 2001, respectively. The unaudited proforma profit before taxation of Tianming PRC Co. as reported under PRC GAAP were approximately RMB10.5 million and approximately RMB8.5 million (approximately HKD9.9 million and approximately HKD8 million) for the years ended 31st December, 2000 and 31st December, 2001, respectively. The unaudited proforma profits after taxation of Tianming PRC Co. as reported under PRC GAAP were approximately RMB9 million and approximately RMB7.2 million

(approximately HKD8.5 million and approximately HKD6.8 million) for the years ended 31st December, 2000 and 31st December, 2001, respectively. As at 31st December, 2001, the unaudited proforma net tangible assets of Tianming PRC Co. as reported under PRC GAAP was approximately RMB8 million (approximately HKD7.5 million). For the avoidance of doubt, the proforma numbers described above relates to such advertising businesses that are the subject matter of this Agreement.

REASONS FOR ENTERING INTO THE AGREEMENT

The Directors consider that including the acquisition of Tianming PRC Co., TOM's nationwide outdoor media network will cover 22 cities, including two municipalities, i.e., Beijing and Shanghai; and six provinces – i.e., 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.

In addition, Tianming's suite of bundled products 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, Tianming 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 Tianming Acquisition 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.

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 and the Incentive Shares (if any) 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 and the in-principle approval for the listing of and permission to deal in the Incentive Shares (if any).

Based on the adjusted net tangible assets of TOM as at 30th September, 2001, the Tianming 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 Tianming 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. Jiang and Tianming in respect of the Tianming Acquisition on 13th March, 2002
- “Asset Acquisition” means the transfer by each of Tianming and Mr. Jiang of all outdoor advertising business/assets owned by it/him as at 1st January, 2002 and from this date to the date of completion of the Asset Acquisition (inclusive) to Tianming PRC Co. upon the establishment of Tianming PRC Co.
- “Board” means the board of Directors of TOM
- “BVI” means the British Virgin Islands
- “Cash Consideration” means the amount of RMB16,000,000 (approximately HKD15,094,340) to be paid in cash to satisfy part of the Consideration
- “Completion” means the completion of the Share Acquisition

“Consideration”	means the aggregate consideration for an the amount of RMB56,440,367 (approximately HKD53,245,629) (subject to adjustment) payable by TOM Outdoor Media for the Tianming Acquisition
“Consideration Shares”	means 6,924,009 Consideration Shares credited as fully paid at HKD5.51 per TOM Share to be allotted and issued to Mr. Jiang and/or his nominee(s) as part of the Consideration
“Consultancy Agreement”	means a management consultancy agreement to be entered into between Tianming PRC Co. and TOM Consultant, under which, TOM Consultant will provide certain management consultancy services to Tianming PRC Co.
“Director(s)”	means the director(s) of TOM
“Enlarged Capital”	means 3,296,749,817 TOM Shares in issue upon the Completion assuming that there are no further issues of TOM Shares from 13th March, 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 Tianming PRC Co. from Mr. Jiang or his nominee(s)
“Existing Capital”	means 3,289,825,808 TOM Shares in issue as at 13th March, 2002
“Further Enlarged Capital”	means 3,304,755,780 TOM Shares in issue upon the issue and allotment of the maximum number of the Adjusted Consideration Shares assuming that there are no further issues of TOM Shares from 13th March, 2002 up to the date of such issue and allotment other than the Adjusted Consideration Shares
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM
“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
“Incentive Shares”	means the TOM Shares to be allotted and issued to Mr. Jiang and/or his nominee(s) if the Warranted Profit and/or the Aggregate Warranted Profit is/are met
“Mr. Jiang”	means Jiang Ming (姜明), the General Manager of Tianming, 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. Jiang beneficially owns 100% of the equity interest of Tianming
“PRC”	means the People’s Republic of China
“PRC GAAP”	means the generally accepted accounting principles adopted in the PRC
“RMB”	means Renminbi
“Share Acquisition”	means the acquisition by TOM Outdoor Media of the entire issued share capital of Tianming BVI Co. from Mr. Jiang and/or his nominee(s) at Completion
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Tianming”	means 河南天明廣告有限公司 (Henan Tianming 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, Tianming is beneficially wholly-owned by Mr. Jiang
“Tianming Acquisition”	means the Equity Transfer and the Share Acquisition pursuant to the Agreement

“Tianming BVI Co.”	means a limited liability company to be incorporated in the BVI as a wholly-owned subsidiary of Mr. Jiang. Upon its establishment, Tianming BVI Co. will establish Tianming HK Co. to be wholly-owned by it
“Tianming HK Co.”	means a limited liability company to be incorporated in the Hong Kong as a wholly-owned subsidiary of Tianming BVI Co. and Tianming HK Co. will acquire 49% of the equity interest in Tianming PRC Co.
“Tianming PRC Co.”	means a domestic company to be established in the PRC and owned by Tianming and Mr. Jiang or other companies controlled by Mr. Jiang
“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 Tianming PRC Co. for the provision of certain management consultancy services to Tianming 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 Tianming PRC Co. from Mr. Jiang and/or his 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 of the equity interest in TOM Nominee at the total consideration for an equal to the entire registered capital of TOM Nominee. As at the date of the Agreement, TOM has not yet finalized which entity will be used as TOM Nominee, accordingly the identity of the shareholders of TOM Nominee is not yet known. The choice of such entities/persons and the amount of the registered capital will be dependent upon the receipt of PRC legal advice. The amount of the registered capital will be known before Completion

“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, 13th 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 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.