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TOM Group Limited

TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2383)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 28 December 2009, Yangcheng Advertising entered into the Advertising Agency Agreement with YCWB to extend the Media Buying Arrangement.

As YCWB is a connected person of the Company by virtue of being an associate of YC Head Office which is a substantial shareholder of a subsidiary of the Company, the transaction contemplated under the Advertising Agency Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. However, as each of the applicable percentage ratios for the transaction contemplated under the Advertising Agency Agreement is, on annual basis, less than 2.5%, such transaction is only subject to the reporting and announcement requirements of the Listing Rules and no independent shareholders' approval is required.

BACKGROUND

Reference is made to the announcement of the Company dated 10 May 2007 in respect of, inter alia, the Previous Advertising Agency Agreement with YCWB in respect of the Media Buying Arrangement (as defined below) which constituted a continuing connected transaction for the Company under the Listing Rules. As the Previous Advertising Agency Agreement will expire on 31 December 2009, Yangcheng Advertising entered into the Advertising Agency Agreement with YCWB to extend the Media Buying Arrangement.

ADVERTISING AGENCY AGREEMENT

Date: 28 December 2009

Parties: (1) Yangcheng Advertising
(2) YCWB

- Services: YCWB has agreed to appoint Yangcheng Advertising as its advertising agent in respect of the placing of advertisements in the newspaper known as “羊城晚報” (Yangcheng Evening News) (“Media Buying Arrangement”). Under the Media Buying Arrangement, YCWB will collect the advertising fees for advertisements placed in Yangcheng Evening News (“Advertising Payment”) from Yangcheng Advertising monthly in arrears which in turn will collect the Advertising Payment from its advertising customers. If the aggregate amount of the Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising will be entitled to a rebate of certain percentage of the aggregate amount of the Advertising Payment based on the market rate and the historical performance of Yangcheng Advertising to be agreed in separate agreements between the parties.
- Term: 3 years commencing from 1 January 2010 to 31 December 2012 (both dates inclusive)
- Annual Caps: HK\$23,000,000 for the year ending 31 December 2010
HK\$24,000,000 for the year ending 31 December 2011
HK\$25,000,000 for the year ending 31 December 2012

The aforesaid Annual Caps are calculated with reference to (i) the amount of the Advertising Payment paid to YCWB for the years 2007 to 2009; and (ii) the internal projection of the amount of the Advertising Payment to be paid to YCWB for the three years ending 31 December 2012.

For information purpose, the Advertising Payment paid by Yangcheng Advertising to YCWB for the years 2007 and 2008 were HK\$14,795,000 and HK\$19,198,000 respectively. For the eleven months ended 30 November 2009, the Advertising Payment paid by Yangcheng Advertising to YCWB was approximately HK\$18,290,000.

REASONS FOR ENTERING INTO THE ADVERTISING AGENCY AGREEMENT

As the Previous Advertising Agency Agreement will expire on 31 December 2009, Yangcheng Advertising and YCWB agreed to extend the Media Buying Arrangement for a further term of 3 years and entered into the Advertising Agency Agreement on similar terms with the Previous Advertising Agency Agreement.

The Directors (including the independent non-executive Directors) consider that the transaction contemplated under the Advertising Agency Agreement is entered on normal commercial terms and in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) are also of the view that the terms of, and the relevant Annual Caps under the Advertising Agency Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As YCWB is a connected person of the Company by virtue of being an associate of YC Head Office which is a substantial shareholder of a subsidiary of the Company, the transaction contemplated under the Advertising Agency Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. However, as each of the

applicable percentage ratios for the transaction contemplated under the Advertising Agency Agreement is, on annual basis, less than 2.5%, such transaction is only subject to the reporting and announcement requirements of the Listing Rules and no independent shareholders' approval is required.

GENERAL

The Company is listed on the Main Board of the Stock Exchange. A leading Chinese-language media group in the Greater China region, the Group has diverse business interests in four key areas: Internet, outdoor media, publishing and television & entertainment across markets in the PRC, Taiwan and Hong Kong.

DEFINITIONS

“Advertising Agency Agreement”	the advertising agency agreement dated 28 December 2009 entered into between Yangcheng Advertising and YCWB in relation to the extension of the Media Buying Arrangement
“Annual Caps”	the maximum annual amount payable by Yangcheng Advertising under the Advertising Agency Agreement
“associate”, “connected person”, “substantial shareholder”	each has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“Company”	TOM Group Limited, a company incorporated in the Cayman Islands with limited liabilities, whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous Advertising Agency Agreement”	the advertising agency agreement dated 10 May 2007 entered into between Yangcheng Advertising and YCWB in relation to the Media Buying Arrangement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yangcheng Advertising”	廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited), a company organised and existing under the laws of the PRC and is owned as to 80% by the Group and as to 20% by YC Head Office

“YC Head Office”	羊城晚報經濟發展總公司 (Yangcheng Evening News Economic Development Corporation), a state-owned enterprise and owns 20% of the registered capital of Yangcheng Advertising
“YCWB”	廣東羊城晚報廣告公司 (Guangdong Yangcheng Evening News Advertising Company), a state-owned enterprise and a fellow subsidiary of YC Head Office. YCWB’s principal business is design, production, distribution of domestic and foreign advertisements and acting as an advertising agent for distribution of domestic and foreign advertisements
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
TOM GROUP LIMITED
Angela Mak
Executive Director

Hong Kong, 28 December 2009

As at the date hereof, the Directors are:

Executive Directors:

*Mr. Yeung Kwok Mung
Ms. Angela Mak*

Non-executive Directors:

*Mr. Frank Sixt (Chairman)
Ms. Debbie Chang
Mrs. Susan Chow
Mr. Edmond Ip
Mrs. Angelina Lee*

*Independent non-executive
Directors:*

*Mr. Henry Cheong
Ms. Anna Wu
Mr. James Sha*

Alternate Director:

*Mr. Francis Meehan
(Alternate to each of Mr. Frank
Sixt, Ms. Debbie Chang, Mrs.
Susan Chow and Mr. Edmond Ip)*

**for identification purpose*