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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)

## **DISCLOSEABLE TRANSACTION**

### **Establishment of the Joint Venture with China Post**

The Board is pleased to announce that on 3 August 2010, Shenzhen New ECLink, a wholly-owned subsidiary of the Company, entered into the Agreement with China Post, an independent third party, under which, the parties have agreed to jointly establish the Joint Venture in Beijing, the PRC which will own and operate Ule. The Joint Venture will be owned as to 49% by Shenzhen New ECLink and as to 51% by China Post.

As the applicable percentage ratios for the establishment of the Joint Venture pursuant to the Agreement exceed 5% but less than 25%, the transaction constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **THE AGREEMENT**

Date: 3 August 2010

Parties : (1) Shenzhen New ECLink

(2) China Post

### **Establishment of the Joint Venture**

Pursuant to the Agreement, Shenzhen New ECLink and China Post have agreed to jointly establish the Joint Venture in Beijing, the PRC. It is expected that the Joint Venture will be established within 90 days from the date of the Agreement. The Joint Venture will be owned as to 49% by Shenzhen New ECLink and as to 51% by China Post.

## **Information of the Joint venture**

(a) Company name: 北京郵樂電子商務有限公司 (Beijing Ule E-Commerce Company Limited)

(b) Registered capital: RMB6,000,000 (approximately HK\$6,840,000)

(c) Business to be engaged:

To own and operate Ule (the B2C shopping platform at [www.ule.com.cn](http://www.ule.com.cn)) in the PRC.

(d) Capital contribution:

Pursuant to the Agreement, Shenzhen New ECLink and China Post will inject RMB2,940,000 (approximately HK\$3,351,600) and RMB3,060,000 (approximately HK\$3,488,400) respectively in cash within 60 days from the date of the Agreement.

The aforesaid capital contribution to be made by Shenzhen New ECLink will be funded by internal resources of the Group.

(e) Board composition:

The board of directors of the Joint Venture will consist of 5 members. Shenzhen New ECLink is entitled to nominate 2 directors and China Post is entitled to nominate 3 directors of the Joint Venture. The chairman of the board of directors of the Joint Venture shall be a director nominated by China Post.

Subject to confirmation by the Company's auditor, the Joint Venture will be treated as an associated company of the Group.

## **Transfer of business of Ule**

Ule is a B2C shopping platform at [www.ule.com.cn](http://www.ule.com.cn) for merchants to sell directly to customers. It is currently owned and operated by Shanghai Ule.

Upon establishment of the Joint Venture, the parties to the Agreement will jointly procure that Shanghai Ule will transfer all the businesses relating to Ule to the Joint Venture.

## **Shareholders' contributions**

Pursuant to the Agreement, China Post will provide various services to the Joint Venture, including making its sales channels available for promotion and sale of Ule products, and provide logistics and cash-on-delivery services.

A wholly-owned subsidiary of the Company will be the exclusive provider of technical services for the Joint Venture and the Group will inject not more than RMB200,000,000 (approximately HK\$228,000,000) ("Platform Fund") for marketing purposes of Ule. Injection time and use of the Platform Fund shall be subject to approval of the board of directors of the Joint Venture.

## **INFORMATION ON ULE**

Currently, Ule is owned and operated by Shanghai Ule in the PRC. Ule is a unique B2C shopping platform focusing on the product categories such as fashion, home life, watch & jewelry, sports & outdoor, health, bags & shoes and personal care etc. Ule has been beta launched in October 2009. It has attracted over a thousand well-known local and international brands such as Shiseido, Giordano, Avon, LG and Samsung.

Based on the unaudited management account prepared in accordance with Hong Kong Financial Reporting Standards of Shanghai Ule, of which its sole business is the operation of Ule business, the unaudited loss both before and after tax of Shanghai Ule for the period from 10 June 2009 (date of incorporation) to 31 December 2009 were approximately RMB8,170,000 (approximately HK\$9,313,800). The unaudited net liabilities of Shanghai Ule as at 31 May 2010 was approximately RMB14,167,000 (approximately HK\$16,150,380).

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

China Post, a subsidiary of China Post Group Corporation, is the official postal distribution agency with nationwide logistics network, i.e. over 46,000 distribution outlets in the PRC. The cooperation of the Group with China Post to operate Ule is the integration of advanced e-commerce and traditional retail network.

Leveraging on TOM's extensive experience in operating internet portal in the PRC together with China Post's extensive logistics coverage network, the Group is able to provide integrated online/offline shopping platform and offer flexible purchase methods i.e. direct customer purchase (via internet, mobile internet and customer service hotline) and retail (via China Post's distribution outlets) for customers. Through the establishment of the Joint Venture, the Group's target is that Ule will become the largest and most reliable interactive B2C shopping platform for merchants to sell directly to customers.

The terms of the Agreement have been agreed after arm's length negotiations between the parties to the Agreement. The Directors consider that the transactions contemplated under the Agreement are entered into on normal commercial terms and in the ordinary and usual course of business of the Group. The terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATION**

As the applicable percentage ratios for the establishment of the Joint Venture pursuant to the Agreement exceed 5% but less than 25%, the transaction constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **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

“Agreement”	the cooperation framework agreement dated 3 August 2010 entered into between Shenzhen ECLink and China Post in relation to the establishment of the Joint Venture
“Board”	the board of directors of the Company
“China Post”	中郵電子商務有限公司 (China Post E-Commerce Company Limited), a subsidiary of China Post Group Corporation, a state-owned enterprise and is principally engaged in postal services in the PRC. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, China Post and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company (as defined under the Listing Rules)
“Company”	TOM Group Limited, a company incorporated in the Cayman Islands with limited liability and 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
“Joint Venture”	the joint venture company (to be known as 北京郵樂電子商務有限公司 (Beijing Ule E-Commerce Company Limited)) to be established in Beijing, the PRC pursuant to the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shanghai Ule”	上海郵樂貿易有限公司 (Shanghai Ule Trading Company Limited), a company incorporated in the PRC with limited liability. As at the date hereof, Shanghai Ule is treated as a deemed non wholly-owned subsidiary of the Company through two individual nominee shareholders holding the equity interest of Shanghai Ule for and on behalf of the Group under certain contractual arrangements
“Shenzhen New ECLink”	深圳市新易網通網絡信息技術有限公司 (Shenzhen New ECLink Network Information Technology Company Limited), a company incorporated in the PRC with limited liability. As at the date hereof, Shenzhen New ECLink is treated as a deemed wholly-owned subsidiary of the Company through two individual nominee shareholders holding the equity interest of Shenzhen New ECLink for and on behalf of the Group under certain contractual arrangements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Ule” the B2C shopping platform at [www.ule.com.cn](http://www.ule.com.cn)

“HK\$” Hong Kong dollar, the lawfully currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

*RMB1 = HK\$1.14*

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

Hong Kong, 3 August 2010

*As at the date hereof, the Directors are:*

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent non-executive Directors:</i>
<i>Mr. Yeung Kwok Mung</i>	<i>Mr. Frank Sixt (Chairman)</i>	<i>Mr. Henry Cheong</i>
<i>Ms. Angela Mak</i>	<i>Ms. Debbie Chang</i>	<i>Ms. Anna Wu</i>
	<i>Mrs. Susan Chow</i>	<i>Mr. James Sha</i>
	<i>Mr. Edmond Ip</i>	
	<i>Mrs. Angelina Lee</i>	<i>Alternate Director:</i>
		<i>Mr. Francis Meehan</i>
		<i>(Alternate to each of Mr. Frank Sixt, Ms. Debbie Chang, Mrs. Susan Chow and Mr. Edmond Ip)</i>

*\*for identification purpose*