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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)

### **REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 30 December 2008 in relation to, inter alia, the Advertising Services Agreement entered into between TOM International and HIL in respect of the provision of the print, publishing, advertising and other services to the HIL Group for a term commencing from 1 January 2009 and expiring on 31 December 2011. As HIL is a substantial shareholder of the Company under the Listing Rules, the transactions contemplated under the Advertising Services Agreement constituted continuing connected transactions of the Company. The Annual Caps set for the year ended 31 December 2009 and the years ending 31 December 2010 and 2011 are HK\$25,000,000, HK\$25,000,000 and HK\$26,000,000 respectively.

For the 11 months ended 30 November 2010, approximately HK\$24,900,000 has been paid by HIL Group for the Services under the Advertising Services Agreement. In view of the aforesaid fee paid and the internal projection on the revenue amount for the Services under the Advertising Services Agreement for the two years ending 31 December 2010 and 2011, taking into account the estimated growth in sales of the advertising and printing services to the HIL Group, on 28 December 2010, TOM International has entered into the Supplemental Agreement with HIL to revise the Annual Caps for the two years ending 31 December 2010 and 2011 to HK\$37,000,000 and HK\$45,000,000 respectively.

As the Revised Annual Caps exceed the respective Annual Caps for the years ending 31 December 2010 and 2011 as set out in the Advertising Services Agreement, pursuant to Rule 14A.36(1) of the Listing Rules, the Company is required to re-comply with Rules 14A.35(3) and (4) of the Listing Rules. However, as each of the applicable percentage ratios for the transactions under the Advertising Services Agreement as supplemented by the Supplemental Agreement (based on the revised Annual Cap for the year ending 31 December 2011) is less than 5%, the transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and no independent shareholders' approval is required.

## BACKGROUND

Reference is made to the announcement of the Company dated 30 December 2008 in relation to, inter alia, the Advertising Services Agreement entered into between TOM International and HIL in respect of the provision of the print, publishing, advertising and other services (“Services”) to the HIL Group for a term commencing from 1 January 2009 and expiring on 31 December 2011. As HIL is a substantial shareholder of the Company under the Listing Rules, the transactions contemplated under the Advertising Services Agreement constituted continuing connected transactions of the Company. The Annual Caps set for the year ended 31 December 2009 and the years ending 31 December 2010 and 2011 are HK\$25,000,000, HK\$25,000,000 and HK\$26,000,000 respectively.

## SUPPLEMENTAL AGREEMENT - REVISION OF ANNUAL CAPS

On 28 December 2010, TOM International and HIL entered into the Supplemental Agreement, under which, the parties agreed to revise the Annual Caps for the two years ending 31 December 2010 and 2011 as set out in the Advertising Services Agreement as follows:

	<b>2010</b> <i>HK\$</i>	<b>2011</b> <i>HK\$</i>
Existing Annual Cap	25,000,000	26,000,000
Revised Annual Cap	37,000,000	45,000,000

### *Basis for determining the Revised Annual Caps:*

For the 11 months ended 30 November 2010, approximately HK\$24,900,000 has been paid by HIL Group for the Services under the Advertising Services Agreement. In view of the aforesaid fee paid and the internal projection on the revenue amount for the Services under the Advertising Services Agreement for the two years ending 31 December 2010 and 2011, taking into account the estimated growth in sales of the advertising and printing services to the HIL Group, the Company anticipates that the Annual Caps for the Services under the Advertising Services Agreement for the two years ending 31 December 2010 and 2011 will be exceeded. As such, the Company considers it is necessary to increase the Annual Caps for the two years ending 31 December 2010 and 2011 in respect of the Advertising Services Agreement to accommodate the expected increase in sales of the Services.

For information purpose, the revenue from HIL Group for the Services for the year ended 31 December 2009 amounted to approximately HK\$24,923,000.

Save for the Revised Annual Caps, all other terms of the Advertising Services Agreement remain unchanged.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Advertising Services Agreement as supplemented by the Supplemental Agreement are and will continue to be conducted on normal commercial terms and in the normal and ordinary course of business of the Group. The Directors (including the independent non-executive Directors) are also of the view that the terms of the Supplemental Agreement and the Revised Annual Caps thereunder are fair and reasonable and in the interest of the shareholders of the Company as a whole.

## LISTING RULES IMPLICATIONS

As the Revised Annual Caps exceed the respective Annual Caps for the years ending 31 December 2010 and 2011 as set out in the Advertising Services Agreement, pursuant to Rule 14A.36(1) of the Listing Rules, the Company is required to re-comply with Rules 14A.35(3) and (4) of the Listing Rules. However, as each of the applicable percentage ratios for the transactions under the Advertising Services Agreement as supplemented by the Supplemental Agreement (based on the revised Annual Cap for the year ending 31 December 2011) is less than 5%, the transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and no independent shareholders' approval is required.

As none of the Directors has any material interest in the transactions herein announced, no Director was required to abstain from voting on the Board resolution approving the transactions.

## 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 People's Republic of China, Taiwan and Hong Kong.

## DEFINITIONS

“Advertising Services Agreement”	means the advertising services agreement dated 30 December 2008 entered into between TOM International and HIL for the provision of the print, publishing, advertising and other services to the HIL Group
“Annual Cap”	means the maximum annual aggregate value of fee payable for services provided to HIL Group under the Advertising Services Agreement
“Board”	means the board of directors of the Company
“Company”	means TOM Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries
“HIL”	means Hutchison International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Hutchison Whampoa Limited. Its principal business is acting as the holding company and corporate head office of Hutchison Whampoa Limited. HIL is a substantial shareholder (as defined under the Listing Rules) of the Company
“HIL Group”	means HIL and its subsidiaries from time to time
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Revised Annual Caps”	means the proposed revised Annual Caps for the two years ending 31 December 2010 and 2011 in respect of the Advertising Services Agreement
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	means the supplemental agreement dated 28 December 2010 entered into between TOM International and HIL, supplementing the Advertising Services Agreement and revising the Annual Caps for the two years ending 31 December 2010 and 2011
“TOM International”	means TOM Group International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	means 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 2010

*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*