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**TOM.COM LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**DISCLOSEABLE TRANSACTION  
INVOLVING ISSUANCE OF NEW SHARES**

**Acquisition of equity interest in  
Kunming Fench Star Information Industry Limited  
(formerly known as Kunming Fench Star Information Industry Co., Ltd.)  
昆明風馳明星信息產業有限責任公司  
(前稱為昆明風馳明星信息產業股份有限公司)**

Further to the announcement of 11th October 2000 of Tom whereby the Directors announced the signing of the Framework Agreement in respect of, inter alia, the acquisition of 49% or more (up to the maximum permitted by the PRC laws) of the entire equity interest in Fench Star, the Directors hereby announce that the Framework Agreement has been superseded.

The Directors are pleased to further announce that on 8th December, 2000, Hitech Profits, a wholly-owned subsidiary of Tom, has entered into a Share Purchase Agreement with Dynamic and Mr. Li who are independent third parties, under which, Hitech Profits agrees to purchase the entire issued share capital of World Focus, which shall on the Closing Date hold a 49% equity interest in Fench Star and will be granted an exclusive right to purchase the entire issued equity interest in Fench Consultancy, which holds the other 51% equity interest in Fench Star, at an exercise price equivalent to the entire registered capital of Fench Consultancy.

The Consideration for the Fench Star Acquisition is RMB278,610,000 (approximately HKD262,839,622) which will be satisfied by way of issuance of 47,702,290 Tom Shares

(credited as fully paid) at HKD5.51 per Tom Share to the Vendor. In addition, pursuant to the Incentive Shares Agreement to be entered into between Hitech Profits and the Vendor prior to or simultaneously with the Closing, an equivalent of RMB33,890,000 (approximately HKD31,971,698) which will be satisfied by way of issuance of 5,802,486 Tom Shares (credited as fully paid) at HKD5.51 per Tom Share to the Vendor for incentive purposes and as, inter alia, security for the guaranteed profits as described below.

The Consideration Shares to be allotted and issued represent approximately 1.51% and approximately 1.48% of the Existing Capital and the Enlarged Capital respectively. The Incentive Shares to be allotted and issued represent approximately 0.18% and approximately 0.18% of the Existing Capital and the Enlarged Capital respectively.

The Consideration Shares and Incentive Shares will be allotted and issued pursuant to the general mandate granted to the Directors by the shareholders of Tom on 11th February, 2000.

Based on the latest adjusted net tangible assets of Tom, the signing of the Share Purchase Agreement constitutes a discloseable transaction involving issuance of new Tom Shares under Chapter 19 of the GEM Listing Rules, a circular containing details of the Fench Star Acquisition will be despatched to the shareholders of Tom as soon as practicable.

## **FENCH STAR ACQUISITION**

Further to the announcement of 11th October 2000 of Tom whereby the Directors announced the signing of the Framework Agreement in respect of, inter alia, the acquisition of 49% or more (up to the maximum permitted by the PRC laws) of the entire equity interest in Fench Star, the Directors hereby announce that the Framework Agreement has been superseded and are pleased to further announce that on 8th December, 2000, a wholly-owned subsidiary of Tom has entered into the Share Purchase Agreement with certain independent third parties in respect of the Fench Star Acquisition.

### **Share Purchase Agreement**

Date: 8th December, 2000

Purchaser: Hitech Profits, a wholly-owned subsidiary of Tom

Vendor: Dynamic, a company independent from the Directors or chief executive or substantial shareholders or management shareholders of Tom or Tom's subsidiaries or any of their respective associates. At the date of the Share Purchase Agreement, the Vendor is wholly-owned by Mr. Li and is the legal and beneficial owner of the entire issued share capital of World Focus, which in turn shall own, as of the Closing Date, a 49% equity interest in Fench Star.

Other party: Mr. Li, a person independent from the Directors or chief executive or substantial shareholders or management shareholders of Tom or Tom's subsidiaries or any of their respective associates. At the date of the Share Purchase Agreement, Mr. Li (a) owns the entire issued share capital of the Vendor, (b) is a 25% equity interest holder of Fench Consultancy, which holds the other 51% equity interest in Fench Star, and (c) is the legal representative of Fench Star.

The 75% balance of the equity interest in Fench Consultancy is held by an employee of a subsidiary of Tom, Mr. Wang Lei Lei, who is a person independent from the Directors or chief executive or substantial shareholders or management shareholders of Tom or Tom's subsidiaries or any of their respective associates.

### **Assets to be acquired**

- (a) The entire issued share capital of World Focus, which shall hold, as of the Closing Date, a 49% equity interest in Fench Star.
- (b) An exclusive right to purchase the entire equity interest in Fench Consultancy, which holds the other 51% equity interest in Fench Star.

### **Major terms of the Share Purchase Agreement**

- (a) The Vendor agrees to sell and transfer the entire issued share capital of World Focus to Hitech Profits.
- (b) Mr. Li agrees to enter into, and the Vendor and Mr. Li jointly and severally agree to procure that the other shareholders of Fench Consultancy shall enter into, the Option Contract to grant Hitech Profits the Call Option at an exercise price equivalent to the total registered capital of Fench Consultancy of RMB5.61 million (approximately HKD5.29 million) for the term of ten years with an option to extend for another ten years by Hitech Profits.

### **Consideration and Incentive Shares**

The total consideration payable by Hitech Profits for the Fench Star Acquisition remained at RMB278,610,000 (approximately HKD262,839,622) which will be satisfied by way of issuance of 47,702,290 Tom Shares (credited as fully paid) at HKD5.51 per Tom Share (representing approximately 1.51% and approximately 1.48% of the Existing Capital and the Enlarged Capital respectively) to the Vendor. The Consideration Shares shall be adjusted from time to time pursuant to the paragraph headed "Adjustments to the Consideration" below. Upon the exercise of the option in full under the Option Contract, an exercise price equivalent to RMB5.61 million will be paid by Hitech Profits.

6,678,321 Tom Shares of the Consideration Shares shall be categorized as Type A Shares and the remainder of the Consideration Shares shall be categorized as Type B Shares. Both the Type A Shares and the Type B Shares are subject to the lock-up period as referred to in the paragraph headed “Lock-up period” below and the Type A Shares are further subject to the arrangements in relation to the adjustments to the Consideration as referred to in the paragraph headed “Adjustments to the Consideration” below.

In addition, pursuant to the Incentive Shares Agreement, an equivalent of RMB33,890,000 (approximately HKD31,971,698) which will be satisfied by way of issuance of 5,802,486 Tom Shares (credited as fully paid) at HKD5.51 per Tom Share as the Incentive Shares to the Vendor for incentive purposes and as, inter alia, security for the guaranteed profits as referred to in the paragraph headed “Incentive Shares Agreement” below.

Other than the Consideration, Hitech Profits shall have no additional liability to the Vendor or Mr. Li for the Sale Share being transferred under the Share Purchase Agreement and the Call Option being granted under the Share Purchase Agreement and the Option Contract.

The Consideration was arrived at after arm’s length negotiations based on Tom’s internal evaluation of the potential of Fench Star, taking into account the guaranteed profits (as described in the sub-paragraph (f) of the paragraph headed “Incentive Shares Agreement” below) and the expected revenue it would bring to Tom.

### **Adjustments to the Consideration**

- (a) An Adjustment Event shall mean any one or more of the following events, and the Adjustment Amounts shall mean the full amount to be adjusted pursuant to the Adjustment Events:
- (i) if any recorded account receivables of Fench Star as at the Closing Date (approximately RMB15.8 million as at 30th November, 2000) have not been received in full by Fench Star within nine months after the Closing Date, then the full amount of the account receivables not received by Fench Star shall be the Adjustment Amount and deducted from the Consideration;
  - (ii) if any other receivables of Fench Star as at the Closing Date (approximately RMB8.4 million as at 30th November, 2000) have not been received in full by Fench Star within three months after the Closing Date, then the full amount of the other receivables not received by Fench Star shall be the Adjustment Amount and deducted from the Consideration;
  - (iii) if any tax obligation of Fench Star occurred on or prior to the Closing Date, which should be paid according to the applicable tax regulation, whether disclosed to Hitech Profits or not, has not been paid in full, then the full amount of such unpaid tax obligation shall be the Adjustment Amount and deducted from the Consideration; or

- (iv) if the net assets amount of Fench Star as of the Closing Date determined by an internationally recognized accounting firm appointed by Hitech Profits within six months from the Closing Date is less than RMB68 million, then the difference between the net asset amount determined by the accounting firm and RMB68 million shall be the Adjustment Amount and deducted from the Consideration.
- (b) In the event any of the Adjustment Events occurs within 18 months after the Closing Date, Hitech Profits shall have the right to adjust the Consideration payable under the Share Purchase Agreement by the full Adjustment Amount resulting from the relevant Adjustment Event. To adjust the Consideration, Hitech Profits shall have the right to direct the Dealer to sell such number of Type A Shares so that the net proceeds (after payment of, without limitation, stamp duty, commissions, brokerage and transaction levy of the Stock Exchange) from the sale of such Type A Shares shall be equal to the relevant Adjustment Amount (determined according to the then exchange rate between HKD and RMB).
- (c) In the event the full Adjustment Amounts specified in sub-paragraph (a) immediately above cannot be met by the net proceeds from the sale of all of the Type A Shares, Hitech Profits shall have the right to direct the Dealer to sell such number of Incentive Shares in order to make up the remainder of the Adjustment Amounts.
- (d) The Type A Shares and Incentive Shares are the only means in which to adjust the Consideration, which may or may not be sufficient to cover all shortfall referred to in paragraph (c) above.

### **Share deposit arrangements**

Hitech Profits, the Vendor and the Dealer shall prior to or simultaneously with the Closing enter into the Consideration Shares Dealer Agreement, pursuant to which the Vendor shall open with the Dealer the Type A Account for the Type A Shares and the Type B Account for the Type B Shares, to which the Type A Shares and the Types B Shares shall be issued and deposited, respectively.

### **Share pledge arrangements**

Hitech Profits and the Vendor shall prior to or simultaneously with the Closing enter into the Type A Shares Pledge Agreement in favour of Hitech Profits whereby the Vendor shall pledge the Type A Shares to Hitech Profits as a security for the adjustments to the Consideration.

### **Lock-up period**

- (a) The Vendor may only Sell the Consideration Shares six months after the Closing Date.

- (b) For the period commencing from the beginning of the 7th month and ending on the 18th month after the Closing Date, the Vendor can only Sell up to one-half of the Consideration Shares, provided that the Vendor may not Sell more than 1% of each of the Type A Shares and the Type B Shares in the Type A Account and the Type B Account, respectively, for each Business Day during such period.
- (c) On the first day of the 19th month after the Closing Date, the Type A Account shall be closed and the outstanding Type A Shares shall be transferred to the Type B Account and be treated as the Type B Shares. For the period commencing from the 19th month after the Closing Date, the Vendor may not Sell more than 1% of the Type B Shares (including those transferred from the Type A Account) on each Business Day; provided, however, if the Tom Shares are trading at a price above HKD5.51, then the Vendor may Sell more than 1% but no more than 10% of the Type B Shares on each Business Day.
- (d) The restrictions on Sale set forth in this paragraph headed “Lock-up period” shall not apply to any sale of Type A Shares required pursuant to the arrangements as set forth in the sub-paragraph (b) of the paragraph headed “Adjustments to the Consideration”.
- (e) If the Vendor does not Sell the maximum permitted amount of the Type A Shares or the Type B Shares on any particular Business Day, such amount not sold shall not accrue to the next or any other Business Day.

### **Incentive Shares Agreement**

- (a) Hitech Profits and the Vendor shall enter into the Incentive Shares Agreement, pursuant to which the Vendor will be issued an additional 5,802,486 Tom Shares, representing approximately 0.18% and approximately 0.18% of the Existing Capital and the Enlarged Capital respectively, as Incentive Shares, which shall be adjusted from time to time pursuant to sub-paragraph (e) below.
- (b) Such Incentives Shares will be issued and deposited to the Incentive Shares Account that the Vendor shall open with the Dealer pursuant to the Incentive Shares Dealer Agreement that Hitech Profits, the Vendor and the Dealer shall enter into, prior to, or simultaneously with, the Closing.
- (c) The Vendor shall prior to, or simultaneously with, the Closing enter into the Incentive Shares Pledge Agreement in favour of Hitech Profits whereby the Vendor shall pledge the Incentive Shares to Hitech Profits as security of its obligations provided under the Share Purchase Agreement and in the Incentive Shares Dealer Agreement.
- (d) Subject to sub-paragraph (f) below, the pledge of the Incentive Shares shall be released from the pledge after 40 days from the issuance of the audited financial statements of Fench Star for the Financial Year 2003, but no later than 42 months after the Closing Date.

- (e) In the event the Type A Shares are not sufficient to make up the full Adjustment Amounts set forth in the paragraph above headed “Adjustments to the Consideration”, Hitech Profits shall have the right to direct the Dealer to sell such number of Incentive Shares and remit the net proceeds of such sale to Hitech Profits in order to make up the remainder of the Adjustment Amounts at the then prevailing exchange rate between HKD and RMB.
- (f) As set forth in further detail in the Incentive Shares Agreement, subject to sub-paragraph (g) and (h), if:
- (i) the after-tax net profit of Fench Star, as shown in the audited income and cash flow statement of Fench Star for the Financial Year 2001 is greater than RMB33 million, then 7.5% of the Incentive Shares (as adjusted, if any) shall be released from the pledge and be returned to the Vendor.
  - (ii) the aggregate after-tax net profit of Fench Star, as shown in the audited income and cash flow statement of Fench Star for the Financial Years 2001 and 2002 in total is greater than RMB66 million, then 15% of the Incentive Shares (as adjusted, if any), less any Incentive Shares released from the pledge pursuant to item (i) immediately above (if any), shall be released from the pledge and be returned to the Vendor.
  - (iii) the aggregate after-tax net profit of Fench Star, as shown in the audited income and cash flow statements of Fench Star for the Financial Years 2001, 2002 and 2003 in total is greater than RMB100 million, then all of the Incentive Shares (as adjusted, if any), less any Incentive Shares released from the pledge pursuant to items (i) and (ii) immediately above (if any), shall be released from the pledge and be returned to the Vendor.
- (g) In the event the aggregate after-tax profit of Fench Star referred to in item (iii) of sub-paragraph (f) immediately above is less than RMB100 million, Hitech Profits may, at its sole discretion, require the Dealer to sell a sufficient number of the Incentive Shares at a designated time before all of the Incentive Shares are released to the Vendor in accordance with such item (iii) of sub-paragraph (f) above, and remit the proceeds of such sale to Hitech Profits, so that Hitech Profits shall be compensated for the shortfall (which may or may not be fully covered by the sale of Incentive Shares) between such aggregate after-tax net profit of Fench Star and RMB100 million at the then prevailing exchange rate between HKD and RMB.
- (h) Subject to the Incentive Shares being released to the Vendor pursuant to the terms of the Incentive Shares Agreement, the Vendor shall not Sell more than 1% of the Incentive Shares on any Business Day, except that the Vendor may Sell up to 10% of the Incentive Shares on any Business Day after the 18th month after the Closing Date, provided that the Tom Shares are trading at a price above HKD5.51 on such Business Day. If the Vendor does not Sell the maximum permitted amount of the Incentive Shares on any particular Business Day, such amount not sold shall not accrue to the next or any other Business Day.

## Conditions precedent

The obligation of Hitech Profits to enter into and complete the Closing is subject to, inter alia, the following conditions precedent (any of which may be waived by Hitech Profits) having been fulfilled prior to, or simultaneously with, the Closing: –

- (a) The due execution of the following documents:
  - (i) the Equity Interest Transfer Contract;
  - (ii) the Onshore Definitive Documents;
  - (iii) equity interest pledge contracts entered into by Tom.com (China) Investment Limited, Mr. Li and the other shareholder of Fench Consultancy, pursuant to which Mr. Li and the other shareholder of Fench Consultancy pledge all of their equity interest in Fench Consultancy to Tom.com (China) Investment Limited or a company designated by it;
  - (iv) the Option Contract;
  - (v) the Consideration Shares Dealer Agreement;
  - (vi) the Type A Shares Pledge Agreement;
  - (vii) the Incentive Shares Agreement;
  - (viii) the Incentive Shares Dealer Agreement;
  - (ix) the Incentive Shares Pledge Agreement;
  - (x) the termination agreement entered into by Hitech Profits, Mr. Li and the other shareholders and the senior management personnel of Fench Star, pursuant to which the Framework Agreement is terminated; and
  - (xi) other relevant documents in connection therewith.
- (b) The equity interest transfer of the 49% equity interest in Fench Star by Guojia Technology to World Focus contemplated in the Equity Interest Transfer Contract has been completed and Fench Star has been converted into an equity joint venture, in which World Focus holds 49% equity interest and Fench Consultancy holds 51%, and all governmental approvals relating thereto have been obtained.
- (c) The Type A Account, the Type B Account and the Incentive Shares Account have been duly opened with the Dealer.



- (d) Hitech Profits is satisfied with the results of a due diligence exercise conducted with respect to on the affairs and business operations of World Focus and Fench Star.
- (e) All representations and warranties made by the Vendor and Mr. Li in the Share Purchase Agreement are true and accurate on the Closing Date as if made on and as of the Closing Date.
- (f) The Vendor has carried out and attended to all the relevant corporate procedures that are required under the laws of BVI in order to complete the sale and purchase of the Sale Share.
- (g) World Focus and Fench Star each has obtained all necessary third party consents (government or otherwise) and has served all third party notices that are relevant for the purposes of effecting the sale and purchase of its shares.
- (h) World Focus has received, with respect to each contract entered into by Fench Star under which any necessary third party consent or notice is required, confirmation that such contract shall continue for its remaining term under the same terms and conditions in effect immediately prior to the Closing.
- (i) The issuance of, the listing of and the permission to deal in the Consideration Shares and the Incentive Shares and the announcement by Tom with respect to the transaction contemplated in the Share Purchase Agreement have been respectively approved by both the Board and the Stock Exchange.
- (j) Each of Fench Star and World Focus has provided to Hitech Profits documentation evidencing that the tax liabilities payable on behalf of itself or the others by Fench Star or World Focus, as the case may be, have been paid in full or have been assumed in a manner to the satisfaction of Hitech Profits.
- (k) Each of the 7 senior management personnel of Fench Star has entered into a three-year service contract with Fench Star.
- (l) All relevant approvals, licenses, permits and authorizations which are necessary for the business operations of World Focus and Fench Star have been valid and subsisting on the Closing Date.
- (m) All the current directors of World Focus and Fench Star who will not remain as directors of World Focus or Fench Star (as the case may be) have tendered their resignation, and Hitech Profits has nominated the directors of World Focus, and has, through World Focus, nominated the directors of Fench Star.
- (n) The PRC legal counsel of the Vendor has issued a legal opinion that is satisfactory to Hitech Profits.

- (o) The Vendor is the legal and beneficial owner of the Sale Share and such Sale Share is free and clear of all liens and encumbrances and charges, and there has been no substantial variation of any rights attaching to the Sale Share since the date of the Share Purchase Agreement.

## **Closing**

Subject to the conditions precedent being fulfilled (or waived by Hitech Profits), the Closing shall take place on or before 31st March, 2001 or such other date as Hitech Profits, the Vendor and Mr. Li may agree. Each party to the Share Purchase Agreement agrees that it will use all reasonable endeavours to complete the Closing by 31st December, 2000.

## **Information on Fench Star**

Established in 1992, Fench Star is one of the largest outdoor media and advertising companies in the PRC. Fench Star is the industry leader in the western part of the PRC. It also operates a strong outdoor media network and provides a nationwide media agent service in over 19 major cities in the PRC which include Beijing, Shanghai, Guangzhou and Shenzhen, for the rental of billboards, neon signs, light boxes and electronic display units. Fench Star also boasts a strong line up of over 300 customers that are leading national and international brands. With its reputable brand presence in the market and its strong professional management team, Fench Star recorded around RMB46 million and RMB77 million in turnover in 1998 and 1999, respectively.

Fench Star recorded an unaudited profit of approximately RMB10,790,000 and approximately RMB28,977,000 for the financial years ended 31st December, 1998 and 31st December, 1999, respectively. As at 31st December, 1998 and 31st December 1999, the net tangible assets of Fench Star were approximately RMB67,379,000 and approximately RMB88,920,000 respectively.

## **Reasons for entering into the Share Purchase Agreement**

Fench Star underwent a shareholders' restructuring since the signing of the Framework Agreement. As a result of such development, the Share Purchase Agreement is entered into to supersede the arrangement contemplated in the Framework Agreement in respect of the Fench Star Acquisition.

The Directors consider that Fench Star is a strategic fit in Tom's roadmap of converging cross-media synergies. This complementary offline business initiative will further bolster Tom's online portal platform to enable Tom to possess online/offline cross media advertising selling capability, yield additional revenue stream and market competitiveness.

Fench Star owns a strong customer base and advertising expertise. It will form a unique synergy with Tom's network of companies, which Tom can bundle and cross sell online and

offline advertising, monetizing the aggregate user base and page views of Tom. The Fench Star Acquisition will further boost the customer reach and advertising sell-through rates of Tom that will position Tom as a key player in the PRC's media and advertising market. The Fench Star Acquisition is in line with the statement of business objectives of Tom as disclosed in Tom's prospectus dated 18th February, 2000.

### **Discloseable transaction**

Based on the adjusted net tangible assets of Tom as at 30th September, 2000, the Fench Star Acquisition constitutes a discloseable transaction of Tom under the GEM Listing Rules, a circular containing details of the Fench Star Acquisition will be despatched to the shareholders of Tom as soon as practicable. Tom will make an application to the Listing Committee of GEM for the listing of and permission to deal in the Consideration Shares and the Incentive Shares to be issued under the Fench Star Acquisition.

### **GENERAL**

The Consideration Shares and the Incentive Shares will be allotted and issued pursuant to the general mandate (subject to the transaction being completed on or before 10th February, 2001) granted to the Directors by the shareholders of Tom on 11th February, 2000. As at the date of this announcement, an outstanding of 369,966,179 Tom Shares may be allotted and issued pursuant to the aforesaid general mandate granted to the Directors.

The Directors consider that the Share Purchase Agreement is entered into on normal commercial terms in the ordinary and usual course of business of Tom Group and that the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the Tom Group so far as the shareholders are concerned.

Tom Group is engaged in the operation of an Internet portal delivering Internet infotainment content and services, development of software and computer network systems, provision of related services and event production.

### **DEFINITIONS**

“Adjustment Amounts” means the adjustment amounts as set forth in sub-paragraph (a) under the paragraph headed “Adjustments to the Consideration”

“Adjustment Events” means the adjustment events as set forth in sub-paragraph (a) under the paragraph headed “Adjustments to the Consideration”

“Board” means the board of Directors of Tom

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| “Business Day”                          | means any day except a Saturday, Sunday or any day on which commercial banks in Hong Kong and the Stock Exchange are authorised by law to close  |
| “BVI”                                   | means the British Virgin Islands   |
| “Call Option”                           | means an exclusive right to purchase up to a 100% equity interest in Fench Consultancy pursuant to the Option Contract   |
| “Closing”                               | means the closing of the Share Purchase Agreement, which shall take place on or before 31st March, 2001 or such other date as Hitech Profits, the Vendor and Mr. Li may agree  |
| “Closing Date”                          | means the date of the Closing  |
| “Consideration”                         | means the total consideration payable by Hitech Profits for the Fench Star Acquisition   |
| “Consideration Shares”                  | means the 47,702,290 Tom Shares to be allotted and issued to the Vendor pursuant to the Share Purchase Agreement upon the Closing, of which 6,678,321 Tom Shares are categorised as the Type A Shares and the remainder as the Type B Shares                                     |
| “Consideration Shares Dealer Agreement” | means an agreement to be entered into among Hitech Profits, the Vendor and the Dealer in relation to the Consideration Shares, which will set forth details of the adjustment of Consideration and the sale restriction set forth in the paragraph headed “Lock-up period” above |
| “Dealer”                                | means a reputable securities dealer designated by Hitech Profits with offices in Hong Kong   |
| “Director(s)”                           | means the director(s) of Tom   |
| “Dynamic”                               | means Dynamic Net Developments Limited, a limited liability company incorporated under the laws of BVI and wholly-owned by Mr. Li  |
| “Enlarged Capital”                      | means 3,212,895,675 Tom Shares in issue upon the Closing   |

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| “Equity Interest Transfer Contract” | means an equity interest transfer contract entered into between World Focus and Guojia Technology, pursuant to which Guojia Technology shall transfer all of its 49% equity interest in Fench Star to World Focus on 6th December, 2000. The completion of the Equity Interest Transfer Contract shall be subject to approval being granted by the relevant PRC governmental authorities               |
| “Existing Capital”                  | means 3,159,390,899 Tom Shares in issue as at 8th December, 2000   |
| “Fench Consultancy”                 | means 昆明風馳企業管理顧問諮詢有限公司 (Kunming Fench Enterprise Management Consultancy Company Limited), a domestic limited liability company organized and existing under the laws of the PRC, which owns a 51% equity interest in Fench Star.   |
| “Fench Star”                        | means 昆明風馳明星信息產業有限責任公司 (Kunming Fench Star Information Industry Limited) (formerly known as 昆明風馳明星信息產業股份有限公司 (Kunming Fench Star Information Industry Company Limited)), a domestic limited liability company organized and existing under the laws of the PRC. Upon completion of the Equity Interest Transfer Contract, Fench Star will be further renamed as 風馳傳媒有限公司 (Fench Media Company Limited) |
| “Fench Star Acquisition”            | means the acquisition of the Sale Share and the granting of the Call Option contemplated in the Share Purchase Agreement   |
| “Financial Year”                    | of Fench Star, means the period from 1st January to 31st December for any given year   |
| “Framework Agreement”               | means the framework agreement entered into between, inter alia, Hitech Profits and Mr. Li in respect of the acquisition of equity interest in Fench Star on 11th October, 2000   |
| “GEM”                               | means the Growth Enterprise Market of the Stock Exchange   |
| “GEM Listing Rules”                 | means the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange  |

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| “Guojia Technology”                 | means 昆明國佳科技發展有限公司 (Kunming Guojia Technology Development Company Limited), a domestic limited liability company organized and existing under the laws of the PRC, which owns a 49% equity interest in Fench Star, and whose owners are Mr. Li (who holds 75% of the equity interest) and Mr. Yang Zhenkun (who holds 25% of the equity interest), a person independent from the Directors or chief executive or substantial shareholders or management shareholders of Tom or Tom’s subsidiaries or any of their respective associates |
| “Hitech Profits”                    | means Hitech Profits Limited, a limited liability company incorporated under the laws of BVI and a wholly-owned subsidiary of Tom   |
| “HKD”                               | means Hong Kong dollars   |
| “Hong Kong”                         | means the Hong Kong Special Administrative Region of the PRC  |
| “Incentive Shares”                  | means an additional 5,802,486 Tom Shares to be issued pursuant to the Incentive Shares Agreement  |
| “Incentive Shares Account”          | means the broker account to be opened by the Vendor with the Dealer for the Incentive Shares pursuant to the Incentive Shares Dealer Agreement for incentive purposes and as, inter alia, security for the guaranteed profits as described in the Incentive Shares Agreement  |
| “Incentive Shares Agreement”        | means an incentive shares agreement to be entered into among Hitech Profits and the Vendor, pursuant to which the Vendor will be issued the Incentive Shares  |
| “Incentive Shares Dealer Agreement” | means an agreement to be entered into among Hitech Profits, the Vendor and the Dealer in relation to the Incentive Shares   |
| “Incentive Shares Pledge Agreement” | means a pledge agreement to be entered into by the Vendor in favour of Hitech Profits, whereby the Vendor shall pledge the Incentive Shares to Hitech Profits   |
| “Mr. Li”                            | means Li Jian, the chief executive officer of Fench Star and shareholders of Dynamic and Fench Consultancy  |

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| “Onshore Definitive Documents”   | means the letter of intent, feasibility study report, joint venture contract and articles of association with respect to Fench Star entered into between World Focus and Fench Consultancy on 6th December, 2000, which are required for the purpose of World Focus acquiring 49% equity interest in Fench Star from Guojia Technology |
| “Option Contract”                | means an exclusive right to purchase contract to be entered into by Mr. Li and the other shareholders of Fench Consultancy to grant to Hitech Profits the Call Option  |
| “PRC”                            | means the People’s Republic of China   |
| “Sale Share”                     | means the entire issued share capital of World Focus   |
| “Sell” or “Sale”                 | means sell, transfer, mortgage, pledge, lend or otherwise dispose of   |
| “Share Purchase Agreement”       | means the share purchase agreement dated 8th December, 2000 entered into among Hitech Profits, the Vendor and Mr. Li   |
| “Stock Exchange”                 | means The Stock Exchange of Hong Kong Limited  |
| “Tom”                            | means TOM.COM LIMITED  |
| “Tom Group”                      | means Tom and its subsidiaries   |
| “Tom Share(s)”                   | means share(s) of par value of HKD0.10 each in the capital of Tom  |
| “Type A Shares”                  | means 6,678,321 Tom Shares of the Consideration Shares to be issued and deposited in the Type A Shares Account   |
| “Type A Account”                 | means the broker account to be opened by the Vendor with the Dealer for the Type A Shares pursuant to the Consideration Shares Dealer Agreement  |
| “Type A Shares Pledge Agreement” | means a share pledge agreement to be entered into by the Vendor in favour of Hitech Profits, whereby the Vendor shall pledge the Type A Shares to Hitech Profits   |
| “Type B Shares”                  | means 41,023,969 Tom Shares of the Considerations Shares to be issued and deposited in the Type B Shares Account   |

“Type B Account” means the broker account to be opened by the Vendor with the Dealer for the Type B Shares pursuant to the Consideration Shares Dealer Agreement

“Vendor” means Dynamic

“World Focus” means World Focus Developments Limited, a limited liability company incorporated under the laws of BVI and wholly owned by the Vendor

HKD1 = RMB1.06

By Order of the Board  
**TOM.COM LIMITED**  
**Angela Mak**  
*Company Secretary*

Hong Kong, 8th December, 2000

*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](http://www.hkgem.com) on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of Tom at [www.tom.com](http://www.tom.com).*