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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTIONS

The Board announces that on 29th December, 2000, certain wholly-owned subsidiaries of Tom have entered into the following agreements with Shenzhen Freenet:

- (1) The Loan Agreements which comprise (i) a loan agreement entered into between AIS and Mr. Wang Lei Lei, under which, AIS agrees to provide the AIS Loan to Mr. Wang Lei Lei for the sole purpose of on-lending the same to Shenzhen Freenet; and (ii) a loan agreement entered into between Mr. Wang Lei Lei and Shenzhen Freenet for the provision of the AIS Loan to Shenzhen Freenet;
- (2) The Technology Service Agreement entered into between Beijing Super Channel and Shenzhen Freenet, under which, Beijing Super Channel agrees to provide technical services to Shenzhen Freenet;
- (3) The Content Agreement entered into between Beijing Super Channel and Shenzhen Freenet, under which, Beijing Super Channel agrees to provide and develop web content for Shenzhen Freenet; and
- (4) The Servers Transfer Contract entered into between Beijing Super Channel and Shenzhen Freenet, under which, Beijing Super Channel agrees to transfer its servers to Shenzhen Freenet.

As Mr. Sing Wang, Chief Executive Officer and executive Director of Tom, owns 90% equity interest in Shenzhen Freenet, Shenzhen Freenet is a connected person as defined under the GEM Listing Rules. Hence, the signing of each of the Agreements individually constitutes a connected transaction of Tom under Chapter 20 of the GEM Listing Rules. However, as the aggregate considerations/loan amount under the Agreements is less than 3% of the latest net tangible assets of Tom, no independent shareholders' approval is required. Details of the Agreements will be disclosed in the next published annual report of Tom.

1. LOAN AGREEMENTS

On 29th December, 2000, the Loan Agreements have been entered for the purpose of on-lending the AIS Loan to Shenzhen Freenet, details of which are set out below:

(a) First Loan agreement

Date: 29th December, 2000

Lender: AIS, a wholly-owned subsidiary of Tom

Borrower: Mr. Wang Lei Lei

Loan amount: HKD10 million

Interest: 6.95% per annum (with reference to HIBOR)

Purpose: For Mr. Wang Lei Lei on-lending the AIS Loan to Shenzhen Freenet.

Repayment: The AIS Loan shall be repaid, in full, to AIS immediately after Mr. Wang Lei Lei has received in full and final settlement of the loan repaid by Shenzhen Freenet. The loan from Mr. Wang Lei Lei to Shenzhen Freenet shall be for a term of 12 months from 29th December, 2000, unless otherwise extended.

(b) Second Loan Agreement

Date: 29th December, 2000

Lender: Mr. Wang Lei Lei

Borrower: Shenzhen Freenet

Loan amount: RMB10.6 million (HKD10 million)

Interest: 6.95% per annum (with reference to HIBOR)

Purpose: To meet the working capital requirement of Shenzhen Freenet.

Repayment: The loan shall be for a term of 12 months from 29th December, 2000, unless otherwise extended.

2. TECHNOLOGY SERVICE AGREEMENT

As disclosed on page 13 of the Rich Wealth Circular, a technology service agreement will be entered into for the provision of technical services to Shenzhen Freenet upon completion of the Rich Wealth Acquisition, which took place on 2nd November, 2000. On 29th December, 2000, Beijing Super Channel has entered into the Technology Service Agreement with Shenzhen Freenet, major terms of which are set out below:

Date: 29th December, 2000

Parties: (1) Beijing Super Channel, a wholly-owned subsidiary of Tom

(2) Shenzhen Freenet, the equity interest of which is held as to 90% by Mr. Sing Wang (Chief Executive Officer and executive Director of Tom), 1% by Mr. Peng Wang (the brother of Mr. Sing Wang) and 9% by Mr. Wang Lei Lei (upon the completion of the registration of the change of shareholders with the relevant PRC government authority pursuant to the Rich Wealth Acquisition)

Services to be provided

Pursuant to the Technology Service Agreement, Beijing Super Channel will be the exclusive technical services provider to Shenzhen Freenet. The technical services to be provided to Shenzhen Freenet will include but not limited to the maintenance of servers, the development, renewal and upgrading of server application software and web-user software, the training of technicians and any other technical service Shenzhen Freenet may require.

Service fee

RMB500,000 (approximately HKD471,700) per month payable on the last business day of each month (except Saturdays, Sundays and public holidays).

The service fee has been arrived at after arm's length negotiations and on the basis of the estimated time cost of the manpower and other related expenses to be incurred by Beijing Super Channel for the provision of such services.

Termination

The Technology Service Agreement is effective from the signing of the same and will continue to be effective until termination. It may be terminated by Beijing Super Channel by serving on Shenzhen Freenet 30 days prior written notice or by either party in the event that other party has committed a material breach of the Technology Service Agreement and has failed to remedy the breach within 30 days from the date of the non-defaulting party served a notice thereon informing it of the breach.

3. CONTENT AGREEMENT

On 29th December, 2000, Beijing Super Channel has entered into the Content Agreement with Shenzhen Freenet, major terms of which are set out below:

Date: 29th December, 2000

Parties: (1) Beijing Super Channel

(2) Shenzhen Freenet

Services to be provided

- (a) Pursuant to the Content Agreement, Shenzhen Freenet agrees to commission Beijing Super Channel to design, create, develop web content, including without limitation, databases, information systems, web pages and other web material, relating to the PRC (the "Contents") exclusively for Shenzhen Freenet and to provide the Contents to Shenzhen Freenet in accordance with the written specifications and requests provided by Shenzhen Freenet from time to time.
- (b) Beijing Super Channel covenants that the Contents are all designed, created, developed, and produced solely by it. Beijing Super Channel agrees that the ownership (including any legal and beneficial title), rights to use, transfer, assign, license and

dispose of in any manner and all intellectual property rights over and relating to all such Contents, vest unconditionally with Shenzhen Freenet.

Content provision fee

Beijing Super Channel is entitled to a content provision fee which shall be equivalent to 50% of the Net Revenue of Shenzhen Freenet.

The aforesaid content provision fee has been arrived at after arm's length negotiations, taking into account the current financial situation and future prospects of Shenzhen Freenet. The content provision fee is payable on the last business day of each month (except Saturdays, Sundays and public holidays).

For the eleven months ended 30th November, 2000, the unaudited Net Revenue of Shenzhen Freenet amounts to a loss of approximately RMB14,049,000 (approximately HKD13,253,774).

Termination

The Content Agreement is effective from the signing of the same and will continue to be effective until termination by either party giving 30 days prior written notice to the other party.

4. SERVERS TRANSFER CONTRACT

On 29th December, 2000, Beijing Super Channel has entered into the Servers Transfer Contract with Shenzhen Freenet, major terms of which are set out below:

Date: 29th December, 2000

Transferor: Beijing Super Channel

Transferee: Shenzhen Freenet

Transfer of servers

Pursuant to the Servers Transfer Contract, Beijing Super Channel agrees to dispose its servers (including all legal and beneficial title) to Shenzhen Freenet.

Consideration

RMB2,673,782.38 (approximately HKD2,522,436) which shall be paid by Shenzhen Freenet to Beijing Super Channel in one lump sum within 3 days from date of the signing of the Servers Transfer Contract.

The consideration being the net book value of the servers being transferred has been arrived at after arm's length negotiations.

REASONS FOR ENTERING INTO THE AGREEMENTS

The signing of the Loan Agreements is for the purpose of providing the AIS Loan to Shenzhen Freenet to meet its working capital requirement.

As disclosed in the Rich Wealth Circular, three wholly foreign-owned enterprises of AIS, namely, Shenzhen Haidi, Shenzhen Yili and Shenzhen Yiqi had provided services relating to development of technology, lease of equipment and sales and marketing services required for the operation of Shenzhen Freenet. Pursuant to the Rich Wealth Acquisition, the respective consultancy and/or service contracts entered into by Shenzhen Haidi, Shenzhen Yili and Shenzhen Yiqi with Shenzhen Freenet were terminated. Consequently, the Technology Service Agreement has now been entered into to substitute the aforesaid terminated consultancy and/or service contracts required for the operation of Shenzhen Freenet. In addition, the Content Agreement and the Servers Transfer Contract have been entered into for facilitating the operation of Shenzhen Freenet. Shenzhen Freenet will pay a service fee and a content provision fee to Beijing Super Channel pursuant to the Technology Service Agreement and the Content Agreement respectively whereby the economic benefit of Shenzhen Freenet flows to Beijing Super Channel.

The Directors, including the independent non-executive Directors, consider that the Agreements are contracted on normal commercial terms in the ordinary and usual course of business of Tom Group and that the terms of the Agreements are fair and reasonable and in the interests of the Tom Group so far as the independent shareholders are concerned.

CONNECTED TRANSACTIONS

As Mr. Sing Wang, Chief Executive Officer and executive Director of Tom, owns 90% equity interest in Shenzhen Freenet, Shenzhen Freenet is a connected person as defined under the GEM Listing Rules. Hence, the signing of each of the Agreements individually constitutes a connected transaction of Tom under Chapter 20 of the GEM Listing Rules. However, the aggregate considerations/loan amount under the Agreements is less than 3% of the latest net tangible assets of Tom, no independent shareholders' approval is required. Details of the Agreements will be disclosed in the next published annual report of Tom. If the aggregate of the service fee, the content provision fee and/or the consideration under the Technology Service Agreement, Content Agreement and Servers Transfer Contract respectively exceeds 3% of the net tangible assets of Tom, Tom will comply with Chapter 20 of the GEM Listing Rules.

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 events production.

DEFINITIONS

“Agreements”	means the Technology Service Agreement, Content Agreement, Servers Transfer Contract and the Loan Agreements
“AIS”	means Advanced Internet Services Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Tom
“AIS Loan”	means the loan in the sum of HKD10 million made by AIS to Mr. Wang Lei Lei pursuant to the First Loan Agreement for the sole purpose of on-lending the same to Shenzhen Freenet
“Beijing Super Channel”	means 北京訊能網絡有限公司(Beijing Super Channel Network Limited), a wholly foreign-owned enterprise of Tom organised under the laws of the PRC

“Content Agreement”	means a content development and provision agreement entered into between Beijing Super Channel and Shenzhen Freenet for the provision of content to Shenzhen Freenet on 29th December, 2000
“Director(s)”	means the director(s) of Tom
“First Loan Agreement”	means the loan agreement entered into between AIS and Mr. Wang Lei Lei on 29th December, 2000, under which, AIS agrees to provide the AIS Loan to Mr. Wang Lei Lei for the sole purpose of on-lending the same to Shenzhen Freenet
“GEM Listing Rules”	means Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“HKD”	means Hong Kong Dollars
“Loan Agreements”	means the First Loan Agreement and the Second Loan Agreement
“Mr. Wang Lei Lei”	means Mr. Wang Lei Lei, a PRC national, an employee of Tom and will own 9% equity interest in Shenzhen Freenet upon completion of the registration of the change of shareholders with the relevant PRC government authority pursuant to the Rich Wealth Acquisition. Mr. Wang Lei Lei is 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
“Net Revenue”	means the gross revenue (which is mainly generated from advertising) earned by Shenzhen Freenet after deducting business tax, depreciation of network software and hardware, direct salary and other necessary and reasonable expenses

“Rich Wealth Acquisition”	means the acquisition by a wholly-owned subsidiary of Tom the entire issued share capital of Rich Wealth Holdings Limited, further information in relation thereto has been set out in the Rich Wealth Circular
“Rich Wealth Circular”	means the circular dated 2nd November, 2000 issued by Tom setting out the details of the Rich Wealth Acquisition
“RMB”	means Renminbi
“Second Loan Agreement”	means the loan agreement entered into between Mr. Wang Lei Lei and Shenzhen Freenet on 29th December, 2000 for on-lending the AIS Loan to Shenzhen Freenet
“Servers Transfer Contract”	means a servers transfer contract entered into between Beijing Super Channel and Shenzhen Freenet for the transfer of servers to Shenzhen Freenet on 29th December, 2000
“Shenzhen Freenet”	means 深圳市新飛網信息技術有限公司, a company organised under the laws of the PRC
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Technology Service Agreement”	means a technology service agreement entered into between Beijing Super Channel and Shenzhen Freenet for the provision of technical services to Shenzhen Freenet on 29th December, 2000
“Tom”	means TOM.COM LIMITED

HKD1 = RMB1.06

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

Hong Kong, 29th 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 statement 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 7 days from the date of its posting and on the website of Tom at www.tom.com.