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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

**DISCLOSEABLE TRANSACTION
INVOLVING CASH CONSIDERATION AND ISSUANCE OF NEW SHARES
in respect of the acquisition of
the entire issued share capital of Sharp Point Publishing Co., Ltd.**

The Board is pleased to announce that on 21st November, 2001, Right Charm, a wholly-owned subsidiary of Tom, has entered into the Stock Purchase Agreement with certain independent third parties, under which and subject to certain terms and conditions thereof, Right Charm agrees to acquire the entire issued share capital of Sharp Point for an aggregate consideration of up to NTD380,000,000 (approximately HKD85,278,276) (subject to the adjustments).

NTD190,000,000 (approximately HKD42,639,138), being 50% of the Consideration, will be payable by way of cash at Completion; an aggregate of up to NTD95,000,000 (approximately HKD21,319,569) (subject to adjustments), being 25% of the Consideration, will be satisfied by way of issuance and allotment of up to 3,869,250 Consideration Tom Shares (credited as fully paid) at HKD5.51 per Tom Share (representing approximately 0.12% and approximately 0.12% of the Existing Capital and Enlarged Capital respectively). The balance of an aggregate of NTD95,000,000 (approximately HKD21,319,569), being 25% of the Consideration, will be payable by way of allotment and issuance of the IPO Shares.

Based on the latest adjusted net tangible assets of Tom as at 30th September, 2001, the Sharp Point Acquisition constitutes a discloseable transaction involving issuance of new Tom Shares under Chapter 19 of the GEM Listing Rules. The Circular will be despatched to the shareholders of Tom as soon as practicable.

STOCK PURCHASE AGREEMENT

Date: 21st November, 2001

Purchaser: Right Charm

Vendors: Mr. Huang and the SP Shareholders

Major terms of the Stock Purchase Agreement

- (a) Right Charm agrees to acquire the entire issued share capital of Sharp Point from the SP Shareholders for the Consideration amount (subject to adjustments as described in the section headed “Earn-out Payment Adjustments” below); and
- (b) Unless otherwise agreed, on or prior to Completion, Sharp Point will effect a restructuring exercise to dispose of all its interests in all of the Associated Companies, which have no material assets that will add synergies and provide benefits to Tom’s existing business, so that as at Completion, Sharp Point shall have no subsidiaries or associated companies.

Consideration

Subject to adjustments as described in the section headed “Earn-out Payment Adjustments” below, the total consideration for the Sharp Point Acquisition is up to NTD380,000,000 (approximately HKD85,278,276). The Consideration shall be payable in the manner detailed below:

(a) *Initial Purchase Price*

NTD190,000,000 (approximately HKD42,639,138), being 50% of the Consideration, shall be payable at Completion in cash.

(b) *Earn-out Payment*

Up to an aggregate of NTD95,000,000 (approximately HKD21,319,569), being 25% of the Consideration, shall be payable by way of allotment and issuance of up to 3,869,250 Consideration Tom Shares (representing approximately 0.12% and approximately 0.12% of the Existing Capital and Enlarged Capital respectively) (credited as fully paid) at HKD5.51 per Tom Share. The price per Consideration Tom Share represents a premium of approximately 139.6% to the closing price of HKD2.30 per Tom Share as quoted on the Stock Exchange on 20th November, 2001 (the last trading day before the date of the Stock Purchase Agreement) and a premium of approximately 162.4% to the average closing price of HKD2.10 per Tom Share of the 10 consecutive trading days before the date of the Stock Purchase Agreement as quoted on the Stock Exchange. However, the actual amount payable is subject to adjustments as described in the section headed “Earn-out Payment Adjustments” below.

The exchange rate for NTD to HKD to be used shall be determined at the time the relevant Consideration Tom Shares are issued.

The Earn-out Payment shall be made within 45 days after the delivery of audited financial statements of Sharp Point for the year 2001 to Right Charm or such other date as the Parties may otherwise agree, and the allotment of Consideration Tom Shares to the SP Shareholders shall be proportional to their respective shareholding in Sharp Point.

If the Earn-out Payment cannot be paid in the form of Consideration Tom Shares under the then current applicable Taiwan laws which restricts the use of issuance of shares as a form of payment of Consideration, Right Charm will pay the Earn-out Payment to the SP Shareholders in cash and the SP Shareholders shall apply such payment solely to subscribe for the Consideration Tom Shares (credited as fully paid) at HKD5.51 per Tom Share.

The price per Consideration Tom Share was arrived at based on arm's length negotiations and the price being acceptable by the vendors.

(c) *Deferred Payment*

An aggregate of NTD95,000,000 (approximately HKD21,319,569), being 25% of the Consideration, shall be payable by way of allotment and issuance of the IPO Shares in such number equal to HKD equivalent of NTD95,000,000 (approximately HKD21,319,569) divided by the initial public offering price per IPO Share. Such IPO Shares shall be issued and allotted to the SP Shareholders within 7 business days after the first day of trading of the IPO Shares, and shall be allotted to the SP Shareholders in proportion to their respective shareholding in Sharp Point.

The SP Shareholders shall at any time have no further recourse to Tom with respect to the Deferred Payment, except for the IPO Shares, and in the event the IPO Shares cannot be allotted to the SP Shareholders under the then current applicable Taiwan laws, then the cash equivalent of the IPO Shares shall be paid to the SP Shareholders which shall be used by them for the sole purpose of subscription of the IPO shares (such subscription shall take place, to the extent practicable, on the same day as the cash payment is made).

The exchange rate for HKD to NTD to be used hereunder shall be determined at the time of the issuance of the IPO Shares.

The Consideration was arrived at after arm's length negotiations and based on relevant benchmarks (such as Tom's internal evaluation of the current size of business, business profile, future prospects of Sharp Point and the expected revenue it would bring to Tom).

Earn-out Payment Adjustments

The Earn-out Payment shall be subject to the achievement by Sharp Point of the targeted audited pre-tax profits ("Pre-Tax Profits") for the year ended 31st December 2001 which shall be NTD82,000,000 (approximately HKD18,402,154) (the "Target").

Earn-out Payment

The maximum amount of the Earn-out Payment payable hereunder shall be the HKD equivalent of NTD95,000,000 (approximately HKD21,319,569) payable in the Consideration Tom Shares as follows:

(a) Achievement of 100% or more of the Target

If the actual Pre-Tax Profits for the Year 2001 (the “Actual Performance”) is more than or equal to the Target, Right Charm shall pay the full amount of the Earn-out Payment by way of the issuance and allotment of the Consideration Tom Shares.

(b) Achievement of less than 100% of the Target

If the Actual Performance is less than the Target, the Earn-out Payment shall be reduced by the shortfall of the Actual Performance and the Target.

The difference resulting from the full amount of the Earn-out Payment and the reduced Earn-out Payment actually received hereunder shall be forfeited without any claw-back or further recourse.

Lock-up period for Consideration Tom Shares and IPO Shares

(a) Consideration Tom Shares

- (i) The SP Shareholders may not sell the Consideration Tom Shares within the first 6 months after the issuance of the relevant Consideration Tom Shares; and
- (ii) the SP Shareholders may sell the Consideration Tom Shares commencing from the beginning of the 7th month after the issuance of the relevant Consideration Tom Shares, provided that the aggregate number of the Consideration Tom Shares sold on any day may not exceed 1% of the total Consideration Tom Shares. Any unused portion of such limit cannot be accumulated for subsequent disposal.

(b) IPO Shares

- (i) the SP Shareholders will abide by any trading restrictions imposed by the Stock Exchange with respect to the IPO Shares; and in any event,
- (ii) the SP Shareholders may not sell the IPO Shares within the first 6 months after the issuance of the relevant IPO Shares.

Conditions precedent

Completion is subject to and conditional upon, inter alia, the satisfaction of the following conditions:

- (a) Tom having been granted approval by the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Tom Shares to be issued pursuant to the Earn-out Payment;

- (b) All necessary approvals being obtained with respect to the Sharp Point Acquisition including the Foreign Investment Approval;
- (c) No action or proceeding being pending or threatened by anyone to restrict or prohibit the Sharp Point Acquisition, allotment of the Consideration Tom Shares and the performance and execution of the Stock Purchase Agreement;
- (d) The SP Shareholders and Sharp Point having complied and performed their obligations under the Stock Purchase Agreement;
- (e) Board approval of Right Charm and any other necessary approvals being obtained with respect to the Sharp Point Acquisition;
- (f) Despatch of the Circular by Tom and any other necessary approvals to be obtained with respect to the Sharp Point Acquisition;
- (g) The warranties made by the SP Shareholders have been true and correct as at the date of the Stock Purchase Agreement and at Completion; and
- (h) The directors of Sharp Point having resolved to call and an extraordinary general meeting no later than the Completion Date to elect representatives designated by Right Charm as directors and supervisors of Sharp Point to replace the existing ones.

Completion

Completion shall take place within 7 business days after all the relevant conditions precedent are fulfilled (or waived by Right Charm) or in any event on or before 31st December, 2001 or such other date as the parties may agree in writing prior to Completion.

INFORMATION ON SHARP POINT

Sharp Point is Taiwan's largest Chinese language youth magazine and book publisher. Established in 1982, Sharp Point publishes a chain of successful teenage titles, taking care of teenagers' wide interests on pop culture, lifestyle and fashion, entertainment and trends. Its best-selling titles include Play (綜藝王), an entertainment magazine on Asian and Western movie stars; 3C Mall (e世代全方位情報誌), a magazine on latest electronic, telecommunication and audio/visual products; Cardmania (風雲卡訊), a monthly game card magazine; Choc (恰女生), the first magazine in Taiwan devoted to teenager fashion and style; Cool Toys (玩具酷報), a toys and models consumer guide; Mr. Pulo (時尚優男), magazine on men's fashion; Totally Astrology (完全星座誌), an astrology analysis and CG (數位娛樂), a computer graphics magazine.

Sharp Point owns extremely popular titles and has successfully established strong branding among teenagers in Taiwan. It publishes nine monthly and four bi-monthly magazines, with a combined monthly circulation of about 330,000 in 2000. Among its best-selling titles is Wink up (傑尼斯偶像情報誌), an infotainment magazine on Japanese pop idols, which is popular in Taiwan and Hong Kong. Other popular titles include My Birthday (談星), COOL (流行酷

報), Call (流行通訊) and Very Series (非常心理測驗). Sharp Point has also a significant book publishing operations with 3,800 book titles covering as many as 25 areas of interest including Japanese comics. Monthly print run in 2000 was over 300,000. Sharp Point is also the exclusive distributor of Taiwan's top-selling game card - Magic: The Gathering (魔法風雲會).

The pro forma unaudited net revenue of Sharp Point as reported under Taiwan accounting standards ("Taiwan GAAP"), were approximately NTD324.7 million and NTD474.8 million (approximately HKD72.9 million and HKD 106.6 million) for the year ended 31st December, 1999 and 31st December, 2000, respectively. The pro forma unaudited profit before taxation of Sharp Point as reported under Taiwan GAAP were approximately NTD 0.9 million and NTD 15.2 million (approximately HKD 0.2 million and HKD 3.4 million) for the year ended 31st December, 1999 and 31st December 2000 respectively. The pro forma unaudited profit after taxation of Sharp Point as reported under Taiwan GAAP were approximately NTD0.7 million and NTD11.2 million (approximately HKD0.2 million and HKD2.5 million) for the year ended 31st December 1999 and 31st December 2000 respectively. As at 31st December, 2000, the pro forma unaudited net tangible assets of Sharp Point as reported under Taiwan GAAP was approximately NTD48.4 million (approximately HKD10.9 million).

REASONS FOR ENTERING INTO THE STOCK PURCHASE AGREEMENT

The Directors believe that Sharp Point's asset base will help to further reinforce Tom's position in the Taiwan Chinese language print media market.

Sharp Point's target market will add synergies to Tom's existing print media network, strengthening and further reinforcing Tom's cross-media strategy. This would also allow the wide range of offline content produced by Sharp Point to be distributed through Tom's family of online assets, thus increasing Tom's cross-media advertising selling capability, yielding additional revenues and enhancing market competitiveness for Tom's new media assets.

The Sharp Point Acquisition is in line with the statement of business objectives of Tom as disclosed in Tom's prospectus dated 18th February, 2000.

GENERAL

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

The Consideration Tom Shares will be allotted and issued pursuant to the general mandate granted to the Directors by the shareholders of Tom at the annual general meeting of Tom held on 27th April, 2001.

Tom will make an application to the Listing Committee of GEM for the listing of and permission to deal in the Consideration Tom Shares to be issued pursuant to the Stock Purchase Agreement.

The Directors will endeavour to explore business development plans that are in the best interests of Sharp Point, including but not limited to a spin-off of any assets in the offline and online media businesses of Tom, in the form of the IPO Company (which may include Sharp Point as part of its assets), subject to the requirements of the listing rules of the relevant stock exchange as applicable to the IPO Company and the requirements of the GEM Listing Rules as applicable to Tom. As of the date of this announcement, there is no concrete plan and timetable for the initial public offering of the IPO Company. For the avoidance of doubt, the initial public offering of the IPO Company may or may not proceed subject to, among other things, the decision of the Board.

Based on the latest adjusted net tangible assets of Tom as at 30th September, 2001, the Sharp Point Acquisition constitutes a discloseable transaction involving issuance of new Tom Shares under Chapter 19 of the GEM Listing Rules. The Circular will be despatched to the shareholders of Tom as soon as practicable.

The business of the Tom Group includes the operation of cross-media and telecom value added services which include an internet portal delivering internet infotainment content and services, e-commerce propositions, development of software and computer network systems, provision of related services and event production, broadband content and service provision, sports-related content, event management and advertising, web-based e-mail service provision, outdoor media advertising, online media businesses and magazine publishing.

DEFINITIONS

- “Associated Companies” means (a) In Motion Production Inc. (正動藝能活動開發經紀股份有限公司), a company incorporated in Taiwan and engaged in the business of singers and artists management and event coordination, in which Sharp Point has a 20.93% interest; and (b) Magic Zone Co., Ltd. (神奇地帶有限公司), a company incorporated in Taiwan and engaged in sales and advertising of game cards, in which Sharp Point has a 99.6% interest. These companies have obtained shareholders’ approval for liquidation and are currently in the process of being liquidated, and will be disposed of by Sharp Point prior to Completion
- “Board” means the board of Directors of Tom
- “Circular” means a circular containing the details of the Sharp Point Acquisition to be issued by Tom and despatched to the shareholders of Tom pursuant to the GEM Listing Rules
- “Completion Date” means the date falling within 7 business days, after the date on which the conditions precedent set out in the Stock Purchase Agreement are fulfilled or such other date as the parties may agree prior to Completion

“Completion”	means the completion of the sale and purchase of the Sharp Point Acquisition
“Consideration Tom Shares”	means the Consideration Tom Shares credited as fully paid at HKD5.51 per Tom Share to be allotted and issued as part of the consideration under the Sharp Point Acquisition
“Consideration”	means the amount up to NTD380,000,000 (approximately HKD85,278,276) (subject to adjustments), being the consideration payable by Right Charm to the SP Shareholders pursuant to the Stock Purchase Agreement, which consists of the Initial Purchase Price, the Earn-out Payment and the Deferred Payment
“Deferred Payment”	means the amount of NTD95,000,000 (approximately HKD21,319,569) payable by Right Charm to the SP Shareholders by way of allotment and issuance of the IPO Shares
“Director(s)”	means the director(s) of Tom
“Earn-out Payment”	means the amount up to NTD95,000,000 (approximately HKD21,319,569) (as determined and subject to the adjustments) payable by Right Charm to the SP Shareholders by way of allotment and issuance of the Consideration Tom Shares
“Enlarged Capital”	means 3,247,317,150 Shares in issue upon Completion assuming that the full amount of the Earn-out Payment are paid by way of allotment and issuance of 3,869,250 Consideration Tom Shares and there are no further issues of Tom Shares from 21st November, 2001 up to the Completion other than the Consideration Tom Shares
“Existing Capital”	means 3,243,447,900 Tom Shares in issue on 21st November, 2001
“Foreign Investment Approval”	means the approval from the relevant authorities in Taiwan that is required for or in connection with the transactions contemplated under the Stock Purchase Agreement
“GEM Listing Rules”	means the 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
“Initial Purchase Price”	means the amount of NTD190,000,000 (approximately HKD42,639,138) payable by Right Charm to the SP Shareholders at the Completion
“IPO Company”	means a company to be established by Tom and to be listed on the Stock Exchange
“IPO Shares”	means the shares of the IPO Company issuable at the initial public offering for listing on the Stock Exchange
“Mr. Huang”	means Michael Huang (黃鎮隆), the General Manager of Sharp Point, who is independent from the Directors, chief executive, substantial shareholders or management shareholders of Tom or any of their respective associates as defined under the GEM Listing Rules. As at the date of the Stock Purchase Agreement, Mr. Huang owns approximately 19.05% of the issued share capital of Sharp Point
“NTD”	means New Taiwan Dollars
“Right Charm”	means Right Charm International Limited, a limited liability company incorporated in the British Virgin Islands on 8th March, 2000, being a wholly-owned subsidiary of Tom
“Sharp Point Acquisition”	means the acquisition by Right Charm of the entire issued share capital of Sharp Point from the SP Shareholders
“Sharp Point”	means 尖端出版股份有限公司 (Sharp Point Publishing Co., Ltd.), a company incorporated in Taiwan, which is independent from the Directors, chief executive, substantial shareholders or management shareholders of Tom or any of their respective associates as defined under the GEM Listing Rules. As at the date hereof, Sharp Point is owned as to approximately 19.05% by Mr. Huang and as to approximately 4.23% by Chen Shi-Fang, as to approximately 18.72% by Chen Jin-Hsiao, as to approximately 7.85% by Hsieh Shao-Chi, as to approximately 5.80% by Yang Chia-Hua, as to approximately 19.79% by Chen Jih-Sheng, as to approximately 6.83% by Chen John-Kun, as to approximately 0.96% by Chen Ching-Wen, as to approximately 1.81% by Yang Der-Hsien, as to approximately 1.17% by Ko Li-Yin, as to approximately 1.65% by Huang Yueh-Hsia, as to approximately 9.82% by Kao Ho-Tsung, as to approximately 0.10% by Yang Chih-Hsiung, as to approximately 0.46% by Hsu Li-Jung, as to approximately 0.21% by Chang Wei-Ming,

as to approximately 0.14% by Juan Chien-I, as to approximately 0.31% by Chang Yuan-Ching, as to approximately 0.31% by Chen Ching-Yuan, as to approximately 0.28% by Yen Feng-Chu, as to approximately 0.29% by Tseng Tai-Li and as to approximately 0.21% by Hsiao Pao-Chu. All the existing shareholders of Sharp Point are independent from the Directors, chief executive, substantial shareholders or management shareholders of Tom or any of their respective associates as defined under the GEM Listing Rules

“SP Shareholders”	means the holders of all of the issued shares of Sharp Point
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Stock Purchase Agreement”	means a conditional agreement entered into between Right Charm, Mr. Huang, Sharp Point and the SP Shareholders (represented by Mr. Huang) in respect of the Sharp Point Acquisition on 21st November, 2001
“Taiwan”	means Taiwan
“Tom”	means TOM.COM LIMITED, a company incorporated in the Cayman Islands and listed on GEM
“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

HKD1 = NTD4.456

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

Hong Kong, 21st November, 2001

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 on the “Latest Company Announcements” page for at least 7 days from the day of its posting and on the website of Tom at www.tom.com.