

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

**MAJOR TRANSACTION
INVOLVING CASH CONSIDERATION AND ISSUANCE OF NEW SHARES
in respect of the acquisition of
the entire issued share capital of Business Weekly Publishing Inc.**

The Board is pleased to announce that on 11th December, 2001, Diamond, 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, Diamond and/or its nominees agree to acquire the entire issued share capital of Business Weekly for an aggregate consideration of up to NTD1,650,000,000 (approximately HKD370,287,253) (subject to adjustments). The Business Weekly Acquisition will also result in the increase of Tom's effective interest in the issued share capital of HMG from 49.0% to up to 52.9%.

NTD825,000,000 (approximately HKD185,143,627), being 50% of the Consideration, will be payable by way of cash at Completion; an aggregate of up to NTD412,500,000 (approximately HKD92,571,813) (subject to adjustments), being 25% of the Consideration, will be satisfied by way of issuance and allotment of approximately 16,800,692 Consideration Tom Shares (credited as fully paid) at HKD5.51 per Tom Share (representing approximately 0.51% and approximately 0.51% of the Existing Capital and Enlarged Capital respectively). The balance of an aggregate of up to NTD412,500,000 (approximately HKD92,571,813), 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 Business Weekly Acquisition constitutes a major transaction involving issuance of new Tom Shares under Chapter 19 of the GEM Listing Rules and is therefore conditional upon approval by the shareholders of Tom at the EGM unless otherwise waived by the Stock Exchange. Shareholders of Tom and their Associates who are interested in the Stock Purchase Agreement and the transactions contemplated thereunder shall abstain from voting at the EGM. To the best of the knowledge of Tom, Business Weekly and certain HMG-BW Shareholders are interested in less than 1.0% of the Existing Capital and they are interested in the transactions contemplated under the Stock Purchase Agreement. As such, these shareholders must abstain from voting at the EGM. The Circular will be despatched to the shareholders of Tom as soon as practicable.

Trading in Tom Shares was suspended from 10:00 a.m. on 12th December, 2001 and application has been made to the Stock Exchange for the resumption of trading in Tom Shares with effect from 10:00 a.m. on 13th December, 2001.

STOCK PURCHASE AGREEMENT

Date: 11th December, 2001

Parties: (1) Purchaser: Diamond
(2) Vendors: Mr. Jin
Mr. Yu
Ms. Wang
Management Shareholders
BW Shareholders
(3) Tom International
Business Weekly

Major terms of the Stock Purchase Agreement

- (a) Diamond and/or its nominees shall acquire no less than 95% and up to the entire issued share capital of Business Weekly from each of the Management Shareholders and each of the BW Shareholders for up to the Consideration amount (subject to adjustments as described in the sections headed “Consideration” and “Earn-out Payment Adjustments” below). In the event that Diamond is unable to acquire the entire issued share capital of Business Weekly, the Consideration will also be adjusted accordingly. Tom will make an announcement in due course in the event that the Consideration is adjusted;
- (b) The Management Shareholders agree to procure Business Weekly to effect a restructuring exercise to dispose of (i) all its interests in the Spin-off Companies, which have no material asset base that can add synergies or otherwise benefit Tom’s existing businesses, to a holding company to be held directly or indirectly by the Management Shareholders and the BW Shareholders, or any other independent third parties, and (ii) the Specific Reserved Companies, which the Directors believe do not as yet contribute positively to the financial results of Tom prior to the Completion, so that as at Completion, Business

Weekly shall have no subsidiaries or associated companies, other than Business World Consulting Co., Inc. (商周編輯顧問股份有限公司), in which Business Weekly holds 65%, and Nong Nong Magazine Co., Ltd. (農農雜誌社股份有限公司), in which Business Weekly holds 80%. Nong Nong Magazine Co., Ltd. in turn holds a 34% interest in Asia Press Publishing Co., Ltd. (國際亞洲出版股份有限公司) and a 55% interest in Panasia Publishing Co., Ltd. (傳亞出版股份有限公司). The Specific Reserved Companies shall be transferred to a holding company to be held directly or indirectly by the Management Shareholders and the BW Shareholders;

- (c) The parties agree that Diamond or its designated nominee(s) shall have the option to acquire from such holding company all of its interests in the Specific Reserved Companies as a whole but not separately, exercisable at Diamond's or its nominee's sole discretion within 30 business days after its receipt of the financial statements for the year ending 31st December, 2002 of the Specific Reserved Companies. The consideration for the exercise of such option shall be the Contingent Payment (which is part of the Consideration) payable by way of allotment and issuance of the Consideration Tom Shares;
- (d) Save for their beneficial interest in the Spin-off Companies and the Specific Reserved Companies, each of the Key Shareholders undertakes to Diamond that for a period of 2 years after the Completion Date, without the prior written approval of Diamond, each of them shall not (whether on his own or with others or on behalf of other persons/entities or through company or companies controlled by each of them, whether direct or indirect) establish, invest, manage, operate or otherwise be interested directly or indirectly in any print media business and/or any print media related business in the Greater China Region and/or business that will or may compete with the business of Business Weekly located anywhere in the world from time to time, provided, however, that purchase of not more than 5% of the total issued shares of a listed company through a securities broker or trader should not be deemed to have violated the non-compete obligation; and
- (e) Tom International shall guarantee the performance of the obligations of Diamond under the Stock Purchase Agreement.

Consideration

Subject to adjustments as described in this section and the section headed "Earn-out Payment Adjustments" below, the total consideration for the Business Weekly Acquisition is up to NTD1,650,000,000 (approximately HKD370,287,253). In the event that Diamond is unable to acquire the entire issued share capital of Business Weekly, the Consideration will be adjusted proportionately. The Consideration shall be payable in the manner detailed below:

(a) Initial Purchase Price

NTD825,000,000 (approximately HKD185,143,627), being 50% of the Consideration, shall be payable at Completion in cash to the Management Shareholders and the BW Shareholders in proportion to their respective shareholdings in Business Weekly. The cash portion of the Consideration shall be funded by internal resources of Tom.

(b) *Earn-out Payment*

Subject to the fulfillment of the profit guarantee as described in the section headed “Earn-out Payment Adjustments” below, up to an aggregate of NTD262,500,000 (approximately HKD58,909,336), being approximately 16% of the Consideration, shall be payable to the Management Shareholders and the BW Shareholders. Out of which,

- (i) the amount of up to NTD50,000,000 (approximately HKD11,220,826) shall be paid by way of allotment and issuance of the IPO Shares in such number equal to the HKD equivalent of NTD50,000,000 (approximately HKD11,220,826) divided by the initial public offering price per IPO Share; and
- (ii) the amount of up to the HKD equivalent of NTD212,500,000 (approximately HKD47,688,510) shall be paid by way of allotment and issuance of approximately 8,654,902 Consideration Tom Shares (representing approximately 0.26% and approximately 0.26% 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 68.2% to the closing price of HKD3.275 per Tom Share as quoted on the Stock Exchange on 11th December, 2001 (the date of the Stock Purchase Agreement) and a premium of approximately 93.0% to the average closing price of HKD2.855 per Tom Share of the 10 consecutive trading days before the date of this announcement as quoted on the Stock Exchange.

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

However, the actual amount of the Earn-out Payment payable is subject to adjustments as described in the section headed “Earn-out Payment Adjustments” below.

The Earn-out Payment shall be made on the 45th day after the delivery of the audited financial statements of Business Weekly for each of the years ending 31st December, 2001 and 2002 (as the case may be) to Diamond or such other date as the parties may otherwise agree (the “Earn-out Payment Date(s)”), and the allotment of IPO Shares and/or Consideration Tom Shares to the Management Shareholders and the BW Shareholders shall be proportional to their respective shareholding in Business Weekly.

If the Earn-out Payment cannot be paid in the form of the IPO Shares and/or the Consideration Tom Shares under the then current applicable Taiwan laws which restrict the use of issuance of shares as a form of payment of Consideration, Diamond will pay the Earn-out Payment to the Management Shareholders and the BW Shareholders in cash and the Management Shareholders and the BW Shareholders shall apply such payment solely to subscribe for the IPO Shares at the initial public offering price per IPO Shares and/or the Consideration Tom Shares (credited as fully paid) at HKD5.51 per Tom Share to be effected on the same day as the cash payment is made.

If the Earn-out Payment in respect of the IPO Shares cannot be paid to the Management Shareholders and the BW Shareholders solely by reason of the IPO Company not being able to be listed by the IPO Share Payment Last Date, the Earn-out Payment in respect of the IPO Shares shall be payable in cash in lieu of the IPO Shares. So long as the IPO Company is listed on or before the IPO Share Payment Last Date, the timing of issuance of the applicable number of the IPO Shares in respect of each portion of the Earn-out Payment to be made shall be (i) 45 days subsequent to the date the applicable financial statements of Business Weekly is delivered to Diamond, and in the event the IPO Company is prohibited by the Stock Exchange to issue the IPO Shares during the payment date, then (ii) the earliest possible date thereafter in compliance with applicable rules of the Stock Exchange.

For the avoidance of doubt, the portion of each of the Year 2001 Earn-out Payment (as defined below) and Year 2002 Earn-out Payment (as defined below) (as the case may be) to be paid in IPO Shares will be paid in:

- (i) If the IPO Company is listed by the IPO Share Payment Last Date, IPO Shares on (a) the respective Earn-out Payment Date for each of the Year 2001 Earn-out Payment and the Year 2002 Earn-out Payment (as the case may be) if the IPO Company is already listed by then; or (b) in the event the IPO Company has not been listed by then, no later than 7 business days after the first day of trading of the shares of the IPO Company; or
- (ii) If the IPO Company is not listed by the IPO Share Payment Last Date, cash in lieu of the IPO Shares within 21 days after the IPO Share Payment Last Date.

Any cash payment in lieu of the IPO Shares shall be made within 21 days after the IPO Share Payment Last Date to the Management Shareholders and the BW Shareholders in proportion to their respective shareholdings in Business Weekly.

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

(c) *Deferred Payment*

An aggregate of NTD362,500,000 (approximately HKD81,350,987), being approximately 22% of the Consideration, shall be payable by way of allotment and issuance of the IPO Shares in such number equal to HKD equivalent of NTD362,500,000 (approximately HKD81,350,987) divided by the initial public offering price per IPO Share. Such IPO Shares shall be issued and allotted to the Management Shareholders and the BW Shareholders no later than 7 business days after the first day of trading of the IPO Shares, and shall be allotted to the Management Shareholders and the BW Shareholders in proportion to their respective shareholding in Business Weekly.

If the Deferred Payment cannot be paid in the form of the IPO Shares under the then current applicable Taiwan laws which restricts the use of issuance of shares as a form of payment of Consideration, Diamond will pay the Deferred Payment to the Management Shareholders and the BW Shareholders in cash and the Management Shareholders and the BW Shareholders shall apply such payment solely to subscribe for the IPO Shares to be effected on the same day as the cash payment is made.

If the Deferred Payment in respect of the IPO Shares cannot be paid to the Management Shareholders and the BW Shareholders solely by reason of the IPO Company not being able to be listed by the IPO Share Payment Last Date, the Deferred Payment in respect of the IPO Shares shall be payable in cash in lieu of the IPO Shares. So long as the IPO Company is listed on or before the IPO Share Payment Last Date, the timing of issuance of the applicable number of the IPO Shares of the Deferred Payment to be made shall be no later than 7 business days after the first day of trading of the shares of the IPO Company.

Any cash payment in lieu of the IPO Shares shall be made within 21 days after the IPO Share Payment Last Date to the Management Shareholders and the BW Shareholders in proportion to their respective shareholdings in Business Weekly.

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

(d) *Contingent Payment*

The amount of NTD200,000,000 (approximately HKD44,883,303), being approximately 12% of the Consideration, shall be payable by way of allotment and issuance of approximately 8,145,790 Consideration Tom Shares (representing approximately 0.25% and approximately 0.25% of the Existing Capital and Enlarged Capital respectively) (credited as fully paid) at HKD5.51 per Tom Share to the then owner(s) of the Specific Reserved Companies within 21 days after completion of the purchase of all the Specific Reserved Companies by Diamond or its nominee(s). The Consideration Tom Shares to be issued pursuant to the Contingent Payment shall be allotted to the then owner(s) of the Specific Reserved Companies in proportion to their then respective shareholdings in the Specific Reserved Companies.

The Contingent Payment shall be subject to and conditional upon acquisition of the Specific Reserved Companies by Diamond and/or its nominee(s). No payment shall be made in the event Diamond or its nominee(s) does not acquire the Specific Reserved Companies.

If the Contingent 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, Diamond will pay the relevant Contingent Payment to the then owner of the Specific Reserved Companies in cash and such owners shall apply such payment solely to subscribe for the Consideration Tom Shares (credited as fully paid) at HKD5.51 per Tom Share to be effected on the same day as the cash payment is made.

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

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 Business Weekly, the expected synergies it would bring to Tom and the market environment associated with the print media industry in Greater China Region).

Earn-out Payment Adjustments

The Earn-out Payment shall be subject to the achievement by Business Weekly of the targeted audited Pre-Tax Profits for each of the years ending 31st December, 2001 and 2002 respectively as follows:

- (a) the targeted Pre-Tax Profits for the year ending on 31st December, 2001 shall be NTD125,000,000 (approximately HKD28,052,065) (the "2001 Target"); and
- (b) the targeted Pre-Tax Profits for the year ending on 31st December, 2002 shall be NTD145,000,000 (approximately HKD32,540,395) (the "2002 Target").

(1) In respect of Year 2001

The maximum amount of the Earn-out Payment payable for the year 2001 (the "Year 2001 Earn-out Payment") shall be the HKD equivalent of NTD106,250,000 (approximately HKD23,844,255) payable in Consideration Tom Shares and NTD25,000,000 (approximately HKD5,610,413) payable in IPO Shares as follows:

(a) Achievement of more than or equal to 95% of the 2001 Target

If the actual Pre-Tax Profits for the Year 2001 (the "2001 Actual Performance") is more than or equal to NTD118,750,000 (approximately HKD26,649,461), Diamond shall pay the full amount of Year 2001 Earn-out Payment by way of the issuance and allotment of the Consideration Tom Shares and the IPO Shares.

(b) Achievement of more than or equal to 80% but less than 95% of the 2001 Target

If the 2001 Actual Performance is more than or equal to NTD100,000,000 (approximately HKD22,441,652) but less than NTD118,750,000 (approximately HKD26,649,461), the Year 2001 Earn-out Payment shall be reduced in proportion to the shortfall ratio of the 2001 Actual Performance and the 2001 Target, provided however, that if the 2002 Actual Performance exceeds the aggregate of (i) the 2002 Target and (ii) the difference between the 2001 Actual Performance and the 2001 Target (“the 2001 Shortfall”), Diamond shall pay the difference resulting from the full amount of the Year 2001 Earn-out Payment and the reduced Earn-out Payment actually received hereunder to the BW Shareholders, together with payment of the Year 2002 Earn-out Payment set out under paragraph (2)(a) below.

(c) Achievement of less than 80% of the 2001 Target

If the 2001 Actual Performance is less than NTD100,000,000 (approximately HKD22,441,652), the Year 2001 Earn-out Payment shall be reduced in proportion to the shortfall ratio of the 2001 Actual Performance and the 2001 Target.

The difference resulting from the full amount of the Year 2001 Earn-out Payment and the reduced Earn-out Payment actually received hereunder shall be forfeited without any claw-back or other recourse.

(2) In respect of Year 2002

The maximum amount of the Earn-out Payment payable for the Year 2002 (the “Year 2002 Earn-out Payment”) shall be the HKD equivalent of NTD106,250,000 (approximately HKD23,844,255) payable in Consideration Tom Shares and NTD25,000,000 (approximately HKD5,610,413) payable in IPO Shares as follows:

(a) Achievement of more than the aggregate of the 2002 Target plus the full amount of the 2001 Shortfall

If the actual Pre-Tax Profits for the Year 2002 (the “2002 Actual Performance”) exceed the aggregate of the 2002 Target and the 2001 Shortfall, Diamond shall pay (aa) the full amount of Year 2002 Earn-out Payment, being the HKD equivalent of NTD106,250,000 (approximately HKD23,844,255) payable by way of the issuance and allotment of the Consideration Tom Shares and NTD25,000,000 (approximately HKD5,610,413) payable by way of the issuance and allotment of the IPO Shares; and (bb) the shortfall between the full amount of Year 2001 Earn-out Payment and the Earn-out Payment actually received in the case described in paragraph (1)(b) above only.

(b) Achievement of the 2002 Target or more, but the amount that exceeds the 2002 Target is insufficient to cover the 2001 Shortfall

If the 2002 Actual Performance exceeds the 2002 Target but is insufficient to cover the full amount of the 2001 Shortfall as described in paragraph (1)(b) above, Diamond shall pay the full amount of Year 2002 Earn-out Payment, being the HKD equivalent of NTD106,250,000 (approximately HKD23,844,255) payable by way of the issuance and allotment of the Consideration Tom Shares and NTD25,000,000 (approximately HKD5,610,413) payable by way of the issuance and allotment of the IPO Shares.

(c) Achievement of more than or equal to 95% but less than 100% of the 2002 Target

If the 2002 Actual Performance is more than or equal to NTD137,750,000 (approximately HKD30,913,375) but less than NTD145,000,000 (approximately HKD32,540,395), Diamond shall still pay the full amount of Year 2002 Earn-out Payment, being the HKD equivalent of NTD106,250,000 (approximately HKD23,844,255) payable by way of the issuance and allotment of the Consideration Tom Shares and NTD25,000,000 (approximately HKD5,610,413) payable by way of the issuance and allotment of the IPO Shares.

(d) Achievement of less than 95% of the 2002 Target

If the 2002 Actual Performance is less than NTD137,750,000 (approximately HKD30,913,375), the Year 2002 Earn-out Payment shall be reduced in proportion to the shortfall ratio of the 2002 Actual Performance and the 2002 Target. The difference resulting from the full amount of the Year 2002 Earn-out Payment and the reduced Earn-out Payment actually received hereunder shall be forfeited without any claw-back or other recourse.

In the event that Tom distributes any dividend within the period from the Completion Date to the date on which the respective Earn-out Payment is made and the relevant Tom Shares are issued on the corresponding Earn-out Payment Date as provided herein, the Management Shareholders and the BW Shareholders shall be entitled to receive an additional payment in the form of cash and/or Additional Tom Shares (as the case may be) equivalent to the cash dividend and/or share dividend (as the case may be) so distributed on the corresponding Earn-out Payment Date in proportion to the Consideration Tom Shares received pursuant to the Earn-out Payment described herein as if they had received the Consideration Tom Shares at the Completion Date.

Should Tom issue any new shares pursuant to a rights issue within the period from the Completion Date to each of the Earn-out Payment Dates, the Management Shareholders and the BW Shareholders shall have the right on each of the Earn-out Payment Dates to pay a price equivalent to the rights issue price to subscribe for Additional Tom Shares in proportion to the Consideration Tom Shares received pursuant to the Earn-out Payment described herein as if they had received the Consideration Tom Shares at the Completion Date; The difference

between the rights issue price and the then closing market price of the Tom Shares on the relevant Earn-out Payment Date will be credited by Tom as fully paid. The Directors believe that the above terms were arrived at after in-depth negotiation in the best interest of the shareholders of Tom and could be characterized as a potential adjustment to the Consideration.

Lock-up period for Consideration Tom Shares and IPO Shares

(a) Consideration Tom Shares

- (i) All the Management Shareholders and the BW Shareholders undertake that they will not sell the Consideration Tom Shares and the Additional Tom Shares (if any) within the first 6 months after the issuance of the relevant Consideration Tom Shares and Additional Tom Shares (if any); and
- (ii) All the Management Shareholders shall be subject to further restrictions by not being able to deal in more than an aggregate of 1% of the aggregate of the Consideration Tom Shares and the Additional Tom Shares (if any) per day and that any unused portion of such limit may be accumulated up to 10% for subsequent disposal of the aggregate of the Consideration Tom Shares and the Additional Tom Shares (if any) per day. Such restrictions do not apply to a placement of the Consideration Tom Shares and the Additional Tom Shares (if any) to independent third parties.

(b) IPO Shares

The Management Shareholders and the BW Shareholders shall abide by any trading restrictions imposed by the Stock Exchange with respect to the 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 and the Contingent Payment, and the in-principle approval from the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in the Additional Tom Shares (if any);
- (b) All necessary approvals being obtained with respect to the Business Weekly Acquisition including, among other things, approvals required by any relevant regulatory authorities and the Foreign Investment Approval;
- (c) No action or proceeding being pending or threatened by anyone to restrict or prohibit the Business Weekly Acquisition, allotment of the Consideration Tom Shares and the performance and execution of the Stock Purchase Agreement;

- (d) The Management Shareholders, the BW Shareholders and Business Weekly having complied and performed their obligations under the Stock Purchase Agreement;
- (e) Board approvals of Diamond and Tom International being obtained with respect to the Business Weekly Acquisition. As of the date of the announcement, the above Board approvals have already been obtained;
- (f) The Circular being despatched by Tom and (if applicable) the EGM having been convened to approve the Stock Purchase Agreement and issuance of the Consideration Tom Shares to the Management Shareholders and the BW Shareholders and any other necessary approvals to be obtained with respect to the Business Weekly Acquisition;
- (g) The warranties made by the Management Shareholders and the BW Shareholders have been true and correct as at the date of the Stock Purchase Agreement and at Completion;
- (h) The Business Weekly Directors having resolved to convene an extraordinary general meeting no later than the Completion Date to elect representatives designated by Diamond as directors and supervisors of Business Weekly to replace the existing ones;
- (i) The Management Shareholders and the BW Shareholders together being beneficially interested in not less than 95% of the issued share capital of Business Weekly having authorised Mr. Jin to execute and deliver the Stock Purchase Agreement and perform all actions as contemplated therein; and
- (j) The Key Shareholders and certain key employees of Business Weekly and its subsidiaries having entered into employment contracts which shall include a non-compete undertaking (i.e. not to undertake print media or print media related businesses or investment during the term of their employment and for 6 months thereafter).

Completion

Completion shall take place within 7 business days after all the relevant conditions precedent are fulfilled (or waived) on or before 31st March, 2002 or such other date as the parties may from time to time agree in writing.

INFORMATION ON BUSINESS WEEKLY

Established in 1987, Business Weekly is Taiwan's leading magazine publisher with a 14-year operating history. Its flagship publication *Business Weekly* (商業周刊) is Taiwan's best-selling business magazine with an annual circulation of 5.6 million copies. Other popular titles published by the Business Weekly Group include *Citta Bella* (儂儂), a widely-read monthly on fashion trends and *Mom Baby* (媽媽寶寶), a monthly providing tips on pregnancy, child care and parenting. The Business Weekly Group has established excellent relations with international publishers. Nong Nong Magazine Co., Ltd. is publishing the Taiwan edition of *Marie Claire* (美麗佳人), a monthly on fashion and style, and has recently secured publishing right to *Shape* (新纖有型), a monthly on fitness, from the world's largest health magazine group.

Business Weekly's editing business, Business World Consulting Co., Inc., is the largest Chinese-language editing and publishing services provider with clients including the regulatory authorities.

The proposed Business Weekly Acquisition currently contemplated by Diamond includes only up to 100% of the issued share capital of Business Weekly (publishes *Business Weekly* and holds 3.89% of HMG), which in turn holds 80% of Nong Nong Magazine Co., Ltd. (publishes *Citta Bella*, *Mom Baby*, and through its subsidiary, Asia Press Publishing Co., Ltd., publishes *Marie Claire*, and through its associated company, Panasia Publishing Co., Ltd., publishes *Shape*) and 65% of Business World Consulting Co., Inc., which is engaged in the business of providing editing and publishing services.

The proforma unaudited consolidated net revenue of Business Weekly as reported under International Accounting Standards ("IAS"), were approximately NTD491.5 million and NTD637.3 million (approximately HKD110.3 million and HKD143.0 million) for the year ended 31st December, 1999 and 31st December, 2000, respectively. The pro forma unaudited consolidated profit before taxation of Business Weekly as reported under IAS were approximately NTD43.1 million and NTD177.1 (approximately HKD9.7 million and HKD39.7 million) for the year ended 31st December, 1999 and 31st December 2000 respectively. The pro forma unaudited consolidated profit after taxation of Business Weekly as reported under IAS were approximately NTD25.7 million and NTD144.3 million (approximately HKD5.8 million and HKD32.4 million) for the year ended 31st December 1999 and 31st December 2000 respectively. As at 31st December, 2000, the pro forma unaudited consolidated net tangible assets of Business Weekly as reported under IAS was approximately NTD194.6 million (approximately HKD43.7 million). As of the date of this announcement, Business Weekly Group has cash and cash equivalents of approximately NTD299.0 million (approximately HKD67.1 million). For the avoidance of doubt, these pro forma figures are consolidated figures which take into account 100% of the contribution from the subsidiaries of Business Weekly but do not include the Spin-off Companies and the Specific Reserved Companies.

REASONS FOR ENTERING INTO THE STOCK PURCHASE AGREEMENT

The Directors believe that Business Weekly is a successful magazine publisher in Taiwan. With the Business Weekly Acquisition, the asset base of "Tom's cross-media platform", as stated in page 23 of Tom's Annual Report 2000, will be further strengthened enabling Tom to become a leading financial and business new media content player in the Greater China Region. The Business Weekly Acquisition would also allow the wide range of offline content produced by Business Weekly to be distributed through Tom's family of online assets, thus increasing Tom's cross-media advertising selling capability, and enhancing market competitiveness for Tom's new media assets. The Directors consider that Business Weekly Group will also contribute substantially to Tom's revenues and help generate a stronger cashflow for the Tom Group through the synergies created among the Business Weekly Group, the Home Media Group and Tom Group's portal assets.

The Business Weekly Acquisition is in line with the statement of business objectives of Tom as disclosed in Tom's prospectus dated 18th February, 2000. The Directors believe that the Business Weekly Acquisition will assist Tom in executing its original business objectives and return value to the shareholders of Tom.

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 and the Additional Tom Shares (if any) 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 and the in-principle approval for the listing of and permission to deal in the Additional Tom Shares (if any).

The Directors will endeavour to explore business development plans that are in the best interests of the Business Weekly Group, 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 the Business Weekly Group and/or other offline and online media assets acquired by Tom since its inception 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.

Business Weekly is currently interested in 3.89% of the issued capital of HMG, in which Tom owns 49.0% of the issued share capital as of the date of this announcement. At Completion, the effective interest of Tom in HMG shall increase from 49.0% to up to 52.9%. According to the shareholders' agreement of HMG, the Board of HMG shall comprise not more than seven directors, of which four shall be nominated by a wholly-owned subsidiary of Tom. As such, Tom already has a majority control of the board of HMG and it is currently treated as a subsidiary of Tom. Such treatment is expected to remain the same after Completion. For further information on HMG, please refer to the announcement dated 14th May, 2001 and the circular to the shareholders of Tom dated 28th August, 2001.

Based on the latest adjusted net tangible assets of Tom as at 30th September, 2001, the Business Weekly Acquisition constitutes a major transaction involving issuance of new Tom Shares under Chapter 19 of the GEM Listing Rules and is therefore conditional upon approval by the shareholders of Tom at the EGM unless otherwise waived by the Stock Exchange. Shareholders of Tom and their Associates who are interested in the Stock Purchase Agreement and the transactions contemplated thereunder shall abstain from voting at the EGM. The Circular will be despatched to the shareholders of Tom as soon as practicable.

Trading in Tom Shares was suspended from 10:00 a.m. on 12th December, 2001 and application has been made to the Stock Exchange for the resumption of trading in Tom Shares with effect from 10:00 a.m. on 13th December, 2001.

The business of the Tom Group includes cross-media strategy 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

- “Additional Tom Shares” means the Tom Shares which may be allotted and issued to the Management Shareholders and BW Shareholders in the event there is any share dividend distributed or a rights issue undertaken by Tom between the Completion Date and the Earn-out Payment Date
- “Associates” having the meanings ascribed to it under the GEM Listing Rules
- “Board” means the board of Directors of Tom
- “Business Weekly Acquisition” means the acquisition by Diamond of up to the entire issued share capital of Business Weekly from the Management Shareholders and the BW Shareholders
- “Business Weekly” means 商周文化事業股份有限公司 (Business Weekly Publishing Inc.), 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 at the date hereof, Business Weekly is owned as to approximately 6.5% by Mr. Jin and as to an aggregate of approximately 57.7% by the Management Shareholders (other than Mr. Jin) and as to an aggregate of approximately 35.8% by the BW Shareholders

“Business Weekly Group”	means Business Weekly and its subsidiaries
“Business Weekly Directors”	means the existing directors of Business Weekly, namely, 金惟純 (a Key Shareholder and a Management Shareholder); 俞國定 (a Key Shareholder and a Management Shareholder); 王文靜 (a Key Shareholder and a Management Shareholder); 潘思源 (a Management Shareholder); a director nominated by 宏嘉創業投資股份有限公司 (a Management Shareholder); 詹宏志 who is nominated by 電腦家庭文化事業股份有限公司 (a Management Shareholder); 陳自創 (a Management Shareholder); a director nominated by 台新租賃股份有限公司 (a Management Shareholder); 孔誠志 (a BW Shareholder); a director nominated by 中華僑泰物流股份有限公司 (a BW Shareholder); and 蔡孟成 (not a shareholder of Business Weekly)
“BW Shareholders”	means 95 shareholders of Business Weekly, who collectively hold approximately 35.8% of the issued share capital of Business Weekly as at the date of the Stock Purchase Agreement. All the BW Shareholders are independent from the Directors, chief executive, substantial shareholders or management shareholders of Tom or any of their respective Associates. The BW Shareholders include individual investors, corporates and employees of Business Weekly. Their shareholdings in Business Weekly range from 0.006% to 4.49%. 孔誠志, which holds 2.25% of Business Weekly, is a Business Weekly Director. Similarly, 中華僑泰物流股份有限公司, which holds 3.09% of Business Weekly, has also nominated a director to the board of Business Weekly. For the avoidance of doubt, the BW Shareholders do not include the Management Shareholders
“Circular”	means a circular containing, inter alia, the details of the Business Weekly Acquisition and the notice of the EGM 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 Business Weekly 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 Business Weekly Acquisition
“Consideration”	means the amount up to NTD1,650,000,000 (approximately HKD370,287,253) (subject to adjustments), being the total consideration payable by Diamond to the Management Shareholders and the BW Shareholders pursuant to the Stock Purchase Agreement, which consists of the Initial Purchase Price, the Earn-out Payment, the Deferred Payment and the Contingent Payment
“Contingent Payment”	means the amount of NTD200,000,000 (approximately HKD44,883,303) payable by Diamond to the then owner of the Specific Reserved Companies by way of allotment and issuance of the Consideration Tom Shares
“Deferred Payment”	means the amount of NTD362,500,000 (approximately HKD81,350,987) payable by Diamond to the Management Shareholders and the BW Shareholders by way of allotment and issuance of the IPO Shares
“Diamond”	means Diamond Profits Limited, a limited liability company incorporated in the British Virgin Islands on 8th March, 2000, being a wholly-owned subsidiary of Tom
“Director(s)”	means the director(s) of Tom
“Earn-out Payment”	means the amount up to NTD262,500,000 (approximately HKD58,909,336) payable by Diamond to the Management Shareholders and BW Shareholders, out of which (i) the amount of up to NTD50,000,000 (approximately HKD11,220,826) shall be paid by way of allotment and issuance of the IPO Shares; and (ii) the amount of up to NTD212,500,000 (approximately HKD47,688,510) shall be by way of allotment and issuance of the Consideration Tom Shares. Additional Tom Shares may also be issued, pursuant to the Earn-out Payment Adjustments, to the Management Shareholders and BW Shareholders in the event there is any share dividend distributed or a rights issue undertaken by Tom between the Completion Date and the Earn-out Payment Date

“EGM”	means an extraordinary general meeting of Tom to be convened for approving, amongst other things, the Stock Purchase Agreement and the transactions contemplated thereunder
“Enlarged Capital”	means 3,294,446,500 Shares in issue upon Completion assuming that the full amount of the Earn-out Payment are paid by way of allotment and issuance of 16,800,692 Consideration Tom Shares and there are no further issues of Tom Shares from 12th December, 2001 up to the Completion other than the Consideration Tom Shares
“Existing Capital”	means 3,277,645,808 Tom Shares in issue on 12th December, 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
“Greater China Region”	means PRC, Hong Kong and Taiwan
“HKD”	means Hong Kong Dollars
“HMG”	means Home Media Group Limited, an exempted limited liability company incorporated in the Cayman Islands on 2nd February, 2001 and in which Tom has a 49% interest in the issued share capital as of the date of this announcement
“HMG-BW Shareholders”	means those BW Shareholders who are also shareholders of HMG and hold Tom Shares as a result of the HMG Transaction
“HMG Transaction”	means the subscription of 49% of the issued share capital of HMG by Tom as disclosed in an announcement dated 14th May, 2001 and a circular to the shareholders of Tom dated 28th August, 2001
“Initial Purchase Price”	means the amount of NTD825,000,000 (approximately HKD185,143,627) payable by Diamond to the Management Shareholders and the BW Shareholders at the Completion

“IPO Company”	means a print media company to be established by Tom and to be listed on the Stock Exchange
“IPO Shares”	means the shares of the IPO Company issuable upon the initial public offering for listing on the Stock Exchange
“IPO Share Payment Last Date”	means the last day of the 24th month from the Completion Date
“Key Shareholders”	means Mr. Jin, Mr. Yu and Ms. Wang
“Management Shareholders”	means 15 shareholders of Business Weekly (including the Key Shareholders), who currently collectively hold approximately 64.2% of the issued share capital of Business Weekly as at the date of the Stock Purchase Agreement, namely, Mr. Jin (6.5%), Mr. Yu (0.6%), Ms. Wang (0.7%), 劉蕙琪 (0.1%), 葉君超 (0.3%), 指南投資股份有限公司 (4.7%), 政大投資股份有限公司 (4.7%), 潘思源 (10.8%), 宏嘉創業投資股份有限公司 (7.2%) whose business is the management of investment funds, 熊名武 (6.4%), 電腦家庭文化事業股份有限公司 (5.7%) which publishes magazines on information technology, personal finance and learning in Taiwan, 鼎盛開發投資股份有限公司 (5.7%) which is an investment holding company whose ultimate beneficial shareholder is 熊名武, 陳自創 (4.3%), 台新租賃股份有限公司 (3.4%) whose business is leasing and financing and which is a subsidiary of 台新銀行, 國領投資股份有限公司 (3.1%) is an investment holding company whose ultimate beneficial shareholder is 張平沼 (<i>N.B. the number in the bracket following the name of each of the Management Shareholders represents their respective shareholding in Business Weekly</i>). Mr. Jin, Mr. Yu and Ms. Wang are the Chairman, President and Chief Editor of Business Weekly, respectively while 劉蕙琪 and 葉君超 are senior managers of Business Weekly and Nong Nong Magazine Co., Ltd. respectively. 宏嘉創業投資股份有限公司, 電腦家庭文化事業股份有限公司 and 台新租賃股份有限公司 are institutional shareholders which have representatives on the board of Business Weekly and are independent from Mr. Jin, Mr. Yu and Ms. Wang. 潘思源 and 陳自創 are individual shareholders and serve as directors on the board of Business Weekly. 熊名武 and 國領投資股份有限公司 are Supervisors to Business Weekly but with no board directorship. Furthermore, 指南投資股份有限公司 and 政大投資股份有限公司 are investment holding companies owned by the family members of Mr. Jin. All the Management Shareholders are independent from the Directors, chief executive, substantial shareholders or management shareholders of Tom or any of their respective Associates

- “Mr. Jin” means James Jin (金惟純), the Chairman of Business Weekly, who is independent from Tom, Directors, chief executive, substantial shareholders or management shareholders of Tom or any of their respective Associates. As at the date of the Stock Purchase Agreement, Mr. Jin owns approximately 6.5% of the issued share capital of Business Weekly
- “Mr. Yu” means Kuo Ting Yu (俞國定), the President of Business Weekly, who is independent from Tom, Directors, chief executive, substantial shareholders or management shareholders of Tom or any of their respective Associates. As at the date of the Stock Purchase Agreement, Mr. Yu owns approximately 0.6% of the issued share capital of Business Weekly
- “Ms. Wang” means Wen Jing Wang (王文靜), the Chief Editor of Business Weekly, who is independent from Tom, the Directors, chief executive, substantial shareholders or management shareholders of Tom or any of their respective Associates. As at the date of the Stock Purchase Agreement, Ms. Wang owns approximately 0.7% of the issued share capital of Business Weekly
- “NTD” means New Taiwan Dollars
- “PC Home” means PC Home Publications Inc., a limited liability company incorporated in Taiwan on 13th December, 1995 and in which HMG has a 97% interest in its issued share capital as of the date of this announcement.
- “Pre-Tax Profits” means the aggregate of (i) the unconsolidated pre-tax profits of Business Weekly and Business World Consulting Co., Inc. and (ii) the consolidated pre-tax profits of Nong Nong Magazine Co., Ltd. as recorded and audited in accordance with the generally accepted accounting principles of Hong Kong. In the case of Business Weekly Consulting Co., Inc. and Nong Nong Magazine Co., Ltd., the pre-tax profits shall be that portion which is the actual economic share of the pre-tax profits attributable to Business Weekly. For the avoidance of doubt, the pre-tax profits of the Specific Reserved Companies and the Spin-off Companies are not included

“Specific Reserved
Companies”

means E-Business Weekly Publishing Inc. (商周數位股份有限公司), a company incorporated in Taiwan and engaged in publication and distribution of *E-Business Weekly*, in which Business Weekly has a 59.95% interest, To Go Publishing Inc. (生活情報媒體事業股份有限公司), a company incorporated in Taiwan and engaged in publication and distribution of *To'Go Travel* and the operation of To'Go Travel.com, in which Business Weekly has a 68.45% interest, Sunbright Publishing Co., Ltd. (商智文化事業股份有限公司), a company incorporated in Taiwan and engaged in the business of book publishing, in which Business Weekly has a 99.23% interest and Abovewebs.com Inc. (商周線上股份有限公司), a company incorporated in Taiwan and engaged in the operation of the Business Weekly Group portal, in which Business Weekly has a 99.99% interest

“Spin-off Companies”

means the companies in which Business Weekly has an interest and which will be spun off by Business Weekly prior to Completion, which are (1) PC Home Venture's Fund Co., Ltd. (網路家庭投資開發股份有限公司) whose main business is venture capital investment and in which Business Weekly has a 7.58% interest. PC Home Venture's Fund Co., Ltd. used to be a shareholder of PC Home and as a result of the HMG Transaction, it currently holds less than 0.001% of the Existing Capital of Tom. Currently neither HMG nor PC Home has any interest in PC Home Venture's Fund Co., Ltd.; (2) Gurufarm.com Corp. (逐鹿網股份有限公司) whose main business is venture capital investment and in which Business Weekly has a 12% interest; (3) PC Home Online Co., Ltd. (網路家庭國際資訊股份有限公司) whose main business is the operation of an internet portal and in which Business Weekly has a 2.61% interest. PC Home Online Co., Ltd. was not included as an asset to be injected into HMG in the HMG Transaction and currently neither HMG nor PC Home has any interest in PC Home Online Co., Ltd.; (4) Health Plus Co., Ltd. (健康家庭國際資訊股份有限公司) whose main business is the publication of a health magazine in Taiwan and in which Business Weekly has a 6.25% interest; (5) BizStart Consulting Co., Ltd. (時達科技管理顧問股份有限公司) whose main business is the provision of business and systems consulting services to the communications and IT industries in Taiwan and in which Business Weekly has a 0.91% interest; and (6) Tai-Sun International Co., Ltd. (台商國際股份有限公司) whose main business is the provision of corporate strategic consulting services and professional training courses and in which Business Weekly has a 19.8% interest

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Stock Purchase Agreement”	means a conditional agreement entered into on 11th December, 2001 between Diamond, Tom International, Mr. Jin, Mr. Yu, Ms. Wang, Business Weekly, the Management Shareholders (represented by Mr. Jin) and the BW Shareholders (represented by Mr. Jin) in respect of the Business Weekly Acquisition
“Supervisors”	means supervisors to Business Weekly whose responsibilities include providing opinions on the operation of Business Weekly and the decision-making of the management and the board so as to ensure there is good corporate governance. However, supervisors have no day-to-day operational responsibilities
“Taiwan”	means Taiwan
“Tom Group”	means Tom and its subsidiaries
“Tom International”	means TOM.COM INTERNATIONAL LIMITED, a limited liability company incorporated in Hong Kong being a wholly-owned subsidiary of Tom
“Tom Share(s)”	means share(s) of par value of HKD0.10 each in the capital of Tom
“Tom”	means TOM.COM LIMITED, a company incorporated in the Cayman Islands and whose shares are listed on GEM

HKD1 = NTD4.456

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

Hong Kong, 12th December, 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.