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TOM Group Limited

TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2383)

**REVISION OF 2005 CAP FOR
CONTINUING CONNECTED TRANSACTIONS**

As disclosed in the Listing Document, TOM International entered into the Advertising Services Agreement with HIL for the provision of the print, publishing, advertising and other services to the HIL Group. As HIL is a substantial shareholder of the Company, the Transactions constituted continuing connected transactions of the Company. The Cap for the transactions under the Advertising Services Agreement for the year ending 31 December 2005 as approved by the then independent shareholders of the Company at the extraordinary general meeting of the Company held on 5 August 2003 is HK\$7,800,000.

Based on the contracts signed up to the date hereof, the revenue from HIL Group for the Services under the Advertising Services Agreement for the eleven months ended 30 November 2005 was approximately HK\$7,663,000. Taking into account the contracts under negotiations and which are expected to be signed by the end of 2005, the Company anticipates that the maximum total amount of revenue to be received by the Group for the Services under the Advertising Service Agreement for the year ending 31 December 2005 will amount to approximately HK\$15,000,000, which will exceed the 2005 Original Cap. The 2005 Original Cap will therefore be revised from HK\$7,800,000 to HK\$15,000,000 accordingly.

As the 2005 Revised Cap exceeds the 2005 Original Cap, pursuant to Rule 14A.36(1) of the Listing Rules, the Company is required to re-comply with Rules 14A.35(3) and (4) of the Listing Rules. However, as each of the applicable percentage ratios for the transactions under the Advertising Services Agreement (based on the 2005 Revised Cap) is less than 2.5%, the Transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and no independent shareholders' approval is required.

ADVERTISING SERVICES AGREEMENT

As disclosed in the section headed "CONNECTED TRANSACTIONS" in the Listing Document, TOM International entered into the Advertising Services Agreement with HIL, details of which are as follows:

Date: 2 July 2003

Parties: (1) TOM International
(2) HIL

Services provided or to be provided:	TOM International shall provide, and/or to procure other members of the Group to provide, the following goods and services (“Services”) to the HIL Group on such terms and conditions as may be separately determined and agreed between the relevant members of the Group and of the HIL Group from time to time during the term of this agreement: • print and publishing services, including the customised publishing services provided in accordance with the specific requirements of each individual customer; • advertising services, including print, outdoor and online advertising services; • public relations and sports event management and other organisation services (such as organising press conferences, sports events and road shows, etc.) • website development, maintenance and/or hosting services
Fee:	The amount, payment method and details of the fee payable for the provision of the Services shall be separately determined and agreed between such member of the Group who provides the relevant Services and such member of the HIL Group who requests the Services prior to their entering into each of such transaction.
Charging basis:	The fee for the Services shall be calculated with reference to the then market rate for the provision of the relevant Services.
Term:	From 1 January 2003 and expiring on 31 December 2005.

Continuing connected transactions

As HIL is a substantial shareholder of the Company under the GEM Listing Rules (prior to the listing of the Company on the Main Board), the Transactions constituted continuing connected transactions of the Company. Prior to the listing of the shares of the Company on the Main Board, the Transactions and the following Caps have been approved by the then independent shareholders of the Company at the extraordinary general meeting of the Company held on 5 August 2003.

Annual Caps:

For the year ended 31 December 2003 – HK\$7,000,000

For the year ended 31 December 2004 – HK\$7,400,000

For the year ending 31 December 2005 – HK\$7,800,000 (“2005 Original Cap”)

The basis for determining the above Caps has been disclosed in the Listing Document.

As disclosed in the Listing Document, the transactions under the Advertising Services Agreement also constituted continuing connected transactions of the Company exempt from the independent shareholders’ approval requirements under the Listing Rules at the time of listing of the shares of the Company on the Main Board. The Stock Exchange has granted a waiver to the Company for compliance with the announcement requirements as required under Rule 14A.47 of the Listing Rules during the remaining term of the Advertising Services Agreement.

2005 Revised Cap and re-compliance of the Listing Rules

For information purpose, the revenue from HIL Group for the Services for the years ended 31 December 2003 and 2004 amounted to approximately HK\$1,594,000 and approximately HK\$4,781,000 respectively.

Based on the contracts signed up to the date hereof, the revenue from HIL Group for the Services under the Advertising Services Agreement for the eleven months ended 30 November 2005 was approximately HK\$7,663,000. Taking into account the contracts under negotiations for the amount of HK\$7,200,000 (which are relating to the media buying and event management services for certain events to be held in December 2005) and which are expected to be signed by the end of 2005, the Company anticipates that the maximum total amount of revenue to be received by the Group for the Services under the Advertising Service Agreement for the year ending 31 December 2005 will amount to approximately HK\$15,000,000, which will exceed the 2005 Original Cap by HK\$7,200,000. The 2005 Original Cap will therefore be revised from HK\$7,800,000 to HK\$15,000,000 accordingly.

As the 2005 Revised Cap exceeds the 2005 Original Cap, pursuant to Rule 14A.36(1) of the Listing Rules, the Company is required to re-comply with Rules 14A.35(3) and (4) of the Listing Rules. However, as each of the applicable percentage ratios for the transactions under the Advertising Services Agreement (based on the 2005 Revised Cap) is less than 2.5%, the Transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and no independent shareholders' approval is required.

Save as disclosed above, if the Advertising Services Agreement (which will expire on 31 December 2005) is renewed by the parties, the Company will comply with the relevant requirements for continuing connected transactions under the Listing Rules.

The Directors, including the independent non-executive Directors, consider that the Transactions are and will continue to be conducted in the normal and ordinary course of business of the Group and in accordance with the terms of the Advertising Services Agreement, and are and will be based on normal commercial terms (and such terms no less favourable to the Group than terms available to or from independent third parties). The Directors are of the view that the terms of the Advertising Services Agreement and the 2005 Revised Cap are fair and reasonable and in the interest of the shareholders of the Company as a whole.

GENERAL

The Company (HKSE stock code: 2383) is listed on the Main Board of the Stock Exchange. A leading Chinese-language media group in the Greater China region, the Group has diverse business interests in five key areas: Internet (TOM Online) (Hong Kong GEM stock code: 8282, Nasdaq stock symbol: TOMO), outdoor media, publishing, sports, television and entertainment across markets in Mainland China, Taiwan and Hong Kong.

DEFINITIONS

"2005 Revised Cap"	means HK\$15,000,000, being the revised annual cap for the year ending 31 December 2005 in respect of the Transactions under the Advertising Services Agreement
"Advertising Services Agreement"	means the advertising services agreement dated 2 July 2003 entered into between TOM International and HIL for the provision of the print, publishing, advertising and other services to the HIL Group
"Board"	means the board of directors of the Company
"Cap"	means the maximum annual aggregate value of a transaction
"Company"	means TOM Group Limited, a company incorporated in the Cayman Islands with limited liabilities, whose shares are listed on the Main Board
"Director(s)"	means the director(s) of the Company
"Group"	means the Company and its subsidiaries
"HIL"	means Hutchison International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HWL. Its principal business is acting as the holding company and corporate head office of HWL's business. HIL is a substantial shareholder (as defined under the Listing Rules) of the Company
"HIL Group"	means HIL and its subsidiaries from time to time
"HK\$"	means Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China
"HWL"	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose securities are listed on the Main Board
"Main Board"	means the main board of the Stock Exchange
"Listing Document"	means the listing document dated 29 June 2004 issued by the Company in connection with the listing by way of introduction of the entire issued share capital of the Company on the Main Board
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange

“Stock Exchange” means The Stock Exchange of Hong Kong Limited

“TOM International” means TOM Group International Limited (formerly known as TOM.COM INTERNATIONAL LIMITED), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“Transactions” means the transactions contemplated under the Advertising Services Agreement, being the provision of the Services by the Group to the HIL Group

By Order of the Board
TOM GROUP LIMITED
Angela Mak
Company Secretary

Hong Kong, 6 December 2005

As at the date hereof, the directors of the Company are:

Executive Directors:

Mr. Sing Wang

Ms. Tommei Tong

Non-executive Directors:

Mr. Frank Sixt (Chairman)

Ms. Debbie Chang

Mrs. Susan Chow

Independent non-executive Directors:

Mr. Henry Cheong

Ms. Anna Wu

Mr. James Sha

Mr. Edmond Ip

Mrs. Angelina Lee

Mr. Wang Lei Lei

** for identification purpose*

Please also refer to the published version of this announcement in The Standard.