



TOM Group Limited

TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2383)

TERMINATION OF DISCLOSEABLE TRANSACTION

**Proposed establishment of the Lineland Joint Venture
in Wuhan, the People's Republic of China**

**and
Proposed grant of the put and call options**

The Board announces that as certain conditions precedent as set out in the Lineland Agreement have not been fulfilled on or before the Lineland Deferred Long Stop Date, the Lineland Agreement has lapsed and terminated on 15 May 2005.

Reference is made to the circular of TOM Group Limited (the "Company") dated 5 January 2005 (the "Circular") in respect of the establishment of the Lineland Joint Venture and the announcement of the Company dated 15 March 2005 (the "Deferral Announcement") in respect of the deferral of the Lineland Long Stop Date. Capitalised terms used herein shall have the same meanings as those defined in the Circular and the Deferral Announcement.

BACKGROUND

Pursuant to the Lineland Agreement, TOM Outdoor Media (through TOM Nominee) and Lineland have agreed to jointly establish the Lineland Joint Venture in Wuhan, the PRC which will be engaged in the advertising business. The Lineland Joint Venture will be owned as to 51% by TOM Nominee and as to 49% by Lineland. In addition, TOM Outdoor Media (through TOM Nominee) will provide an amount of RMB4.59 million in cash to the Lineland Joint Venture for funding its capital expenditure and working capital requirements.

Subject to certain conditions set out in the Lineland Agreement, Lineland has been granted the Lineland Put Option and the Lineland Call Option. Pursuant to the Lineland Put Option, Lineland has the right to sell all (but not part) of its equity interest in the Lineland Joint Venture to TOM Outdoor Media (or to an affiliated company nominated by TOM Outdoor Media). Pursuant to the Lineland Call Option, Lineland and/or Mr. H Chen and/or Mr. G Chen and/or Mr. Feng and/or Ms. Liu has a right to acquire 51% of the equity interest in the Lineland Joint Venture held by TOM Nominee and/or its affiliated companies, together with the rights in and to the Lineland TOM Loan.

As disclosed in the Deferral Announcement, the Lineland Agreement is conditional upon the fulfilment or waiver by TOM Outdoor Media of the relevant conditions precedent within 5 months after the date of the Lineland Agreement (i.e. on or before 15 May 2005) ("Lineland Deferred Long Stop Date") (or other date as the parties may agree).

TERMINATION OF THE LINELAND AGREEMENT

As certain conditions precedent as set out in the Lineland Agreement cannot be fulfilled on or before the Lineland Deferred Long Stop Date (e.g. the due diligences on the business operation of Lineland has not been completed and in connection thereto the issue of the PRC legal opinion has not been issued), the Board announces that the Lineland Agreement has lapsed and terminated on 15 May 2005.

As at the date hereof, the Lineland Joint Venture has not been established in the PRC and no contribution of registered capital has been made by TOM Outdoor Media. Upon termination of the Lineland Agreement, TOM Outdoor Media has no further financial obligations under the Lineland Agreement (including the provision of the Lineland TOM Loan). The termination of the Lineland Agreement has no material impact on the business of the Group.

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

Hong Kong, 17 May 2005

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

Executive Directors:

Mr. Sing Wang
Ms. Tommei Tong

Independent non-executive Directors:

Mr. Henry Cheong
Ms. Anna Wu
Mr. James Sha

Non-executive Directors:

Mr. Frank Sixt (Chairman)
Ms. Debbie Chang
Mrs. Susan Chow
Mr. Edmond Ip
Mrs. Angelina Lee
Mr. Holger Kluge
Mr. Wang Lei Lei

* for identification purpose