



TOM Group Limited
TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2383)

ANNOUNCEMENT
Resumption of trading of shares

The Board is pleased to announce that on 20 December 2006, TOM Online entered into the Deed with eBay International AG, an independent third party, under which, the parties have agreed to invest in the Joint Venture, which will carry on the business of owning and operating in the PRC of a mobile and Internet-based marketplace. Immediately after Closing, the Joint Venture will be owned as to 51% by TOM Online and as to 49% by eBay International AG.

At the request of TOM Group, trading in the shares of TOM Group was temporarily suspended with effect from 2:30 p.m. on 19 December 2006 pending publication of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of TOM Group with effect from 9:30 a.m. on 20 December 2006.

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THE DEED
Date: 20 December 2006

Parties:

1. TOM Online
2. eBay International AG
3. The Joint Venture
4. eBay Inc.

Investment in the Joint Venture
Pursuant to the Deed, TOM Online and eBay International AG have agreed to invest in and operate the Joint Venture which will carry on the business of owning and operating in the PRC of a mobile and Internet-based marketplace (“Business”).

Immediately after Closing, the Joint Venture will be owned as to 51% by TOM Online and 49% by eBay International AG. After Closing, the Joint Venture will be treated as a jointly controlled entity of TOM Online and eBay International AG. Subject to the review of TOM Online’s auditors, TOM Online will equity account for the results of the Joint Venture.

The board of directors of the Joint Venture will consist of 6 members. Each of TOM Online and eBay International AG is entitled to nominate 3 persons as directors of the Joint Venture. The post of the chairman of the Joint Venture Group shall be held in alternative years between a director nominated by TOM Online and a director nominated by eBay International AG. The first chairman shall be a director nominated by TOM Online for a term of one year.

eBay International AG will transfer or procure the transfer of all of the equity interests in EENIS to a member of the Joint Venture Group.

Initial Funding

1. At Closing, eBay International AG will provide an initial funding of US\$40 million in cash in the form of capital of the Joint Venture.
2. At Closing, TOM Online will enter into a shareholder’s loan agreement with the Joint Venture, under which, TOM Online will provide a shareholder’s loan in the amount of US\$20 million to the Joint Venture. In addition, TOM Online will provide the contributions as stated in the section headed “Shareholders’ contributions” below.
3. If the funding from eBay International AG and TOM Online (as described in paragraphs 1 and 2 above) have been fully utilized, additional funding in the form of shareholders’ loans, the aggregate amount of which shall not exceed US\$10 million, will be provided by eBay International AG and TOM Online in equal proportions if additional funding is required by the Joint Venture and mutually agreed by both parties.

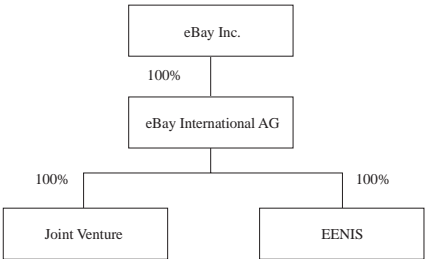
The Platform

It is intended that the Joint Venture will design, develop, launch and operate a new online platform, which will be branded TOM EACHNET and/or TOM 易趣, to support the Business.

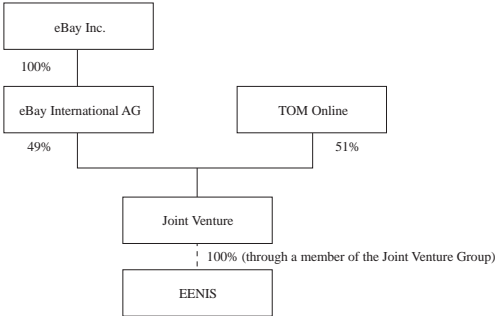
Shareholders’ contributions

1. eBay International AG will, inter alia, transfer or license to the Joint Venture Group certain trademarks and domain names for the operation of the Business and the Platform and will also provide certain transitional services to the Joint Venture.
2. TOM Online will as part of its contribution to the Joint Venture, inter alia, provide leadership and management services related to (but not limited to) business strategy, regulatory compliance, sales and marketing, recruitment and training, and business operations for the operation of the Platform and the Business, leverage its user base to facilitate effective user acquisition for the Platform by marketing the Platform to TOM Online’s online and mobile users, integrate certain channels of TOM Online’s portal with various product categories of the Business and provide prominent link for e-commerce and auction at the top of TOM Online’s portal pages to the new Platform.

Structure chart of the Joint Venture Group immediately before Closing



Structure chart of the Joint Venture Group immediately after Closing



Call option, Put option and Winding-up Option

If a shareholder of the Joint Venture (“Defaulting Shareholder”) commits an Event of Default (as defined below), the Defaulting Shareholder is entitled to certain termination rights, including, depending on the Event of Default in question, a put, call or wind-down.

“Event of Default” includes a Material Breach of the Deed, a Negative Brand Impact, the insolvency of a shareholder of the Joint Venture, or the insolvency or voluntary dissolution of the Joint Venture.

Each of the Events of Default are associated with certain put, call or wind-down rights that may be exercised by the Defaulting Party or the Non-Defaulting Party, as the case may be. In each case, the put and call may be exercised at a price equal to the equity based calculation of the fair market value of the Joint Venture as determined by 3 independent internationally recognised investment bankers in the manner as agreed by the parties or a discount thereto.

Conditions precedent

The Deed is conditional upon, among other things, the following conditions (“Conditions”) having been fulfilled or waived no later than 31 January 2007 (or such other date as TOM Online and eBay International AG may agree in writing):

- (a) the obtaining of all necessary PRC governmental investment approvals for the transaction; and
- (b) the execution and delivery of the ancillary agreements of the Deed by all of the parties thereto.

Closing

Closing will take place on the Business Day immediately after the fulfilment or waiver (as the case may be) of all of the Conditions, currently anticipated to be 2 January 2007, (or such later date as TOM Online and eBay International AG may agree in writing).

INFORMATION ON THE JOINT VENTURE AND EENIS

The Joint Venture is a company incorporated in the British Virgin Islands with limited liability on 12 September 2006. As at the date of the Deed, the Joint Venture is wholly-owned by eBay International AG. Pursuant to the Deed, the Joint Venture will be owned as to 51% by TOM Online and as to 49% by eBay International AG at Closing. As the Joint Venture is dormant since its incorporation, therefore no financial information for the past two years is available.

The parties’ respective shareholding percentages in the Joint Venture reflect their commercial agreement in respect of the same. eBay is of the view that TOM Online is a valuable joint venture partner and will be able to bring to the joint venture their valuable China market knowledge and leverage their active user base, to foster synergy among user communities and distribution channels so as to create enhanced online and mobile trading platforms for buyers and sellers in China.

EENIS is a wholly owned foreign enterprise incorporated in the PRC. As at the date of the Deed, EENIS is wholly-owned by eBay International AG. EENIS is engaged in the business of operating the Eachnet Site. Pursuant to the Deed, the entire equity interest in EENIS will be transferred to a member of the Joint Venture Group.

Based on the unaudited management account prepared in accordance with PRC GAAP of EENIS, the unaudited loss both before and after tax of EENIS for the period from 5 July 2004 (date of incorporation) to 31 December 2004 were approximately RMB30,584,993 and approximately RMB30,584,993, respectively. Based on the unaudited management account prepared in accordance with PRC GAAP of EENIS, the unaudited loss both before and after tax of EENIS for the year ended 31 December 2005 were approximately RMB68,205,201 and approximately RMB68,205,201, respectively. The unaudited net asset of EENIS as at 31 October 2006 was approximately RMB144,273,877.

GENERAL

At the request of TOM Group, trading in the shares of TOM Group was temporarily suspended with effect from 2:30 p.m. on 19 December 2006 pending publication of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of TOM Group with effect from 9:30 a.m. on 20 December 2006.

DEFINITIONS

“Board” means the board of directors of TOM Group

“Business Day” means a day on which banks are generally open for business in the PRC and the U.S. and which is not a Saturday, a Sunday or a public holiday in the PRC or the U.S.

“Closing” means the completion of the transactions contemplated under the Deed

“Deed” means the joint venture deed dated 20 December 2006 entered into between TOM Online, eBay International AG, the Joint Venture and eBay Inc.

“Director(s)” means the directors of TOM Group

“Eachnet” means eBay International AG’s online platform and operations for the PRC, in operation as at the date hereof

“Eachnet Site” means the Eachnet site hosted by eBay International AG at URL www.ebay.com.cn, which is currently operated by EENIS

“eBay Inc.” means eBay Inc., a company incorporated in the State of Delaware, the U.S. with limited liability. eBay Inc. is independent of and not connected with any of the directors, chief executives, substantial shareholders or management shareholders of TOM Online or any of their respective associates and not a connected person of TOM Online

“eBay International AG” means eBay International AG, a company incorporated in Switzerland with limited liability. As at the date of the Deed, eBay International AG is owned by eBay Inc. eBay International AG is independent of and not connected with any of the directors, chief executives, substantial shareholders or management shareholders of TOM Online or any of their respective associates and not a connected person of TOM Online

“EENIS” means eBay Eachnet Network Information Services (Shanghai) Co. Ltd., a wholly owned foreign enterprise incorporated in the PRC and is wholly-owned by eBay International AG

“GEM” means the Growth Enterprise Market of the Stock Exchange

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC

“Joint Venture” means eBay PRC Holdings (BVI) Inc., a company incorporated in the BVI with limited liability. As at the date hereof, the Joint Venture is a wholly-owned subsidiary of eBay International AG

“Joint Venture Group” means the Joint Venture and its subsidiaries

“Material Breach” means a breach of the Deed resulting from, among other things, failure to meet certain milestones related to the development of and migration to the Platform, failure to fund the Joint Venture, and failure to comply with certain non-compete obligations

“Negative Brand Impact” means certain defined circumstances that may cause tarnishment or other detrimental impact on the eBay brand as a result of the operation of the Platform

“Platform” means the new online platform to be operated by the Joint Venture Group

“PRC” means the People’s Republic of China

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

“TOM Group” means TOM Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange

“TOM Online” means TOM Online Inc., a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM

“U.S.” means United States of America

“US\$” means U.S. dollars, the lawful currency of the U.S.

By Order of the Board
TOM GROUP LIMITED
Pessy Yu
Company Secretary

Hong Kong, 20 December 2006

As at the date hereof, the directors of TOM Group are:
Executive Directors:
Ms. Tommei Tong
Ms. Angela Mak

Non-executive Directors:
Mr. Frank Sixt (Chairman)
Ms. Debbie Chang
Mrs. Susan Chow
Mr. Edmond Ip
Mrs. Angelina Lee
Mr. Wang Lei Lei

Independent non-executive Directors:
Mr. Henry Cheong
Ms. Anna Wu
Mr. James Sha

* for identification purpose