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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)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 10 May 2007, TOM International entered into the Tenancy Agreement with the Landlord in relation to the lease of the Premises and Yangcheng Advertising entered into the Advertising Agency Agreement with YCWB in relation to the Media Buying Arrangement.

As the Landlord is a connected person of the Company by virtue of being an Associate of CKH, a substantial shareholder of the Company, the signing of the Tenancy Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, as YCWB is also a connected person of the Company by virtue of being an Associate of YC Head Office which is a substantial shareholder of a subsidiary of the Company, the signing of the Advertising Agency Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. However, as each of the applicable percentage ratios for the transactions contemplated under each of the Tenancy Agreement and the Advertising Agency Agreement is, on annual basis, less than 2.5%, such 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.

TENANCY AGREEMENT

Date: 10 May 2007

Landlord: The Center (48) Limited

Tenant: TOM International

Premises: The entire 48th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong with gross floor area of approximately 25,563 sq. ft.

Term: 33 months commencing from 1 April 2007 to 31 December 2009 (both dates inclusive)

Rent: HK\$780,848 per month, exclusive of rates and other outgoing charges

Management fee: HK\$99,696 per month

Caps: HK\$7,924,896 for the year ending 31 December 2007  
HK\$10,566,528 for the year ending 31 December 2008  
HK\$10,566,528 for the year ending 31 December 2009

The above Caps are based on the annual total amount of the rent and management fee payable to the Landlord under the Tenancy Agreement.

ADVERTISING AGENCY AGREEMENT

Date: 10 May 2007

Parties: (1) Yangcheng Advertising  
(2) YCWB

Services: YCWB has agreed to appoint Yangcheng Advertising as its advertising agent in respect of the placing of advertisements in the newspaper known as “羊城晚報” (Yangcheng Evening News) (“Media Buying Arrangement”). Under the Media Buying Arrangement, YCWB will collect the advertising fees for advertisements placed in Yangcheng Evening News (“Advertising Payment”) from Yangcheng Advertising which in turn will collect the Advertising Payment from its advertising customers. If the aggregate amount of the Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising will be entitled to a rebate of certain percentage of the aggregate amount of the Advertising Payment to be agreed in separate agreements between the parties. For information purpose, Yangcheng Advertising will be entitled to a rebate in the range of 1% to 3% of the aggregate amount of the Advertising Payment if the aggregate amount of the Advertising Payment reaches RMB5,000,000 or more for the year 2007. The percentage of rebate for the years 2008 and 2009 to be agreed by the parties in separate agreements

Term: 3 years commencing from 1 January 2007 to 31 December 2009 (both dates inclusive)

Caps for the Advertising Payment: HK\$15,000,000 for the year ending 31 December 2007  
HK\$20,000,000 for the year ending 31 December 2008  
HK\$22,000,000 for the year ending 31 December 2009

Basis for determining the Caps: The aforesaid Caps are determined based on (i) advertising contracts signed with YCWB in 2007 and under negotiations; and (ii) the internal projection of the Advertising Payment to be paid by Yangcheng Advertising to YCWB for the years ending 31 December 2007, 2008 and 2009, plus a conservative growth rate.

REASONS FOR ENTERING INTO THE TENANCY AGREEMENT AND ADVERTISING AGENCY AGREEMENT

The Premises is currently occupied by the Group under the tenancy agreement dated 1 April 2004, which has expired on 31 March 2007. The aforesaid tenancy agreement fell within the de minimus exemption under Chapter 14A of the Listing Rules and was not subject to any disclosure requirements. Upon the expiry of the aforesaid agreement, the Group had to assess whether to relocate its office premises from The Center or remain there. On 10 May 2007, TOM International and the Landlord entered into the Tenancy Agreement relating to the renewal of the lease of office space in The Center for use of the Group’s headquarter in Hong Kong after the Group decided to remain in the Premises. Since the expiry of the previous tenancy agreement and up to the date of this announcement, the Group has continued to occupy the Premises and the total amount of rental and management fee payable by TOM International for such period has not exceeded HK\$1,000,000.

Pursuant to the advertising agency agreement entered into between Yangcheng Advertising and YCWB, which has expired on 31 December 2006, similar Media Buying Arrangement in relation to the placing of advertisements in Yangcheng Evening News was made. The annual Caps for the Advertising Payment under the aforesaid agreement were HK\$60,000,000, HK\$66,000,000 and HK\$72,600,000 for the years 2004, 2005 and 2006 respectively. For information purpose, the Advertising Payment in the amounts of HK\$38,707,000, HK\$33,530,000 and HK\$13,614,000 were paid by Yangcheng Advertising to YCWB for the years 2004, 2005 and 2006 respectively. Upon the expiry of the aforesaid agreement, the Group and YCWB started their negotiations the terms of a new advertising agency agreement including the length of the agreement term and the annual caps to be set for the Advertising Payment. After the agreement terms and the annual caps have been finalised, on 10 May 2007, Yangcheng Advertising and YCWB entered into the Advertising Agency Agreement for the purpose of extending the Media Buying Arrangement for a further term of 3 years. Since the expiry of the previous advertising agency agreement and up to the date of this announcement, the Advertising Payment was approximately RMB2,600,000, which falls within the de minimus exemption under Rule 14A.33(3)(a) of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Tenancy Agreement and the Advertising Agency Agreement are entered on normal commercial terms and in the ordinary and usual course of business of the Group. The rental payable under the Tenancy Agreement was determined after taking into account the fact that this was a renewal of the lease, long-term clientele, the length of the lease term and the conditions and size of the Premises and the management fee is charged at the same rate applicable to all tenants. The Directors (including the independent non-executive Directors) are also of the view that the terms of the Tenancy Agreement and the Advertising Agency Agreement and the relevant Caps are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONTINUING CONNECTED TRANSACTIONS

As the Landlord is a connected person of the Company by virtue of being an Associate of CKH, a substantial shareholder of the Company, the signing of the Tenancy Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, as YCWB is also a connected person of the Company by virtue of being an Associate of YC Head Office which is a substantial shareholder of a subsidiary of the Company, the signing of the Advertising Agency Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. However, as each of the applicable percentage ratios for the transactions contemplated under each of the Tenancy Agreement and the Advertising Agency Agreement is, on annual basis, less than 2.5%, such 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. Given the different parties and nature of transactions under the Tenancy Agreement and the Advertising Agency Agreement and the counterparties to such agreements have not entered into other similar transactions with the Group within the preceding 12 months that require aggregation, hence, there is no aggregation issue in accordance with Rule 14A.25 of the Listing Rules.

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

“Advertising Agency Agreement” means the advertising agency agreement dated 10 May 2007 entered into between Yangcheng Advertising and YCWB in relation to the Media Buying Arrangement

“Associate” has the meaning ascribed to it in the Listing Rules

“Board” means the board of directors of the Company

“Cap” means the maximum annual aggregate value of a transaction

“CKH” means Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, whose securities are listed on the Main Board of the Stock Exchange

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

“Director(s)” means the director(s) of the Company

“Group” means the Company and its subsidiaries

“Landlord” means The Center (48) Limited, an indirect wholly-owned subsidiary of CKH. Its principal business is property investment

“Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange

“HK\$” means Hong Kong dollar, the lawful currency of Hong Kong

“PRC” means the People’s Republic of China

“Premises” means the entire 48th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong

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

“Tenancy Agreement” means the tenancy agreement dated 10 May 2007 entered into between TOM International and the Landlord in relation to the lease of the Premises

“TOM International” means TOM Group International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“Yangcheng Advertising” means 廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited), a domestic limited liability company established in the PRC and is owned as to 80% by 北京唐碼世紀體育廣告有限公司 (a deemed wholly-owned subsidiary of the Group through certain contractual arrangements) and as to 20% by YC Head Office

“YC Head Office” means 羊城晚報經濟發展總公司, which is an enterprise owned by the whole people (全民所有制) established in the PRC (a state-owned enterprise) and owns 20% of the registered capital of Yangcheng Advertising

“YCWB” means 廣東羊城晚報廣告公司, which is an enterprise owned by the whole people (全民所有制) established in the PRC (a state-owned enterprise) and a subsidiary of YC Head Office. YCWB’s principal business is design, production, distribution of domestic and foreign advertisements and acting as an advertising agent for distribution of domestic and foreign advertisements

By Order of the Board  
**TOM GROUP LIMITED**  
**Angela Mak**  
*Executive Director*

Hong Kong, 10 May 2007

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

Executive Directors:  
Ms. Tommei Tong  
Ms. Angela Mak

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

\* for identification purpose

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