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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 December 2021, Yangcheng Advertising entered into the New Advertising Agency Agreement with YCDM for a term of three years commencing from 1 January 2022.

As at the date of this announcement, as YCDM is a connected person of the Company by virtue of being an associate of YC Head Office, a substantial shareholder of a subsidiary of the Company, transactions contemplated under the New Advertising Agency Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios for the transaction contemplated under the New Advertising Agency Agreement will, on an annual basis, be more than 0.1% but less than 5%, the Continuing Connected Transactions are exempt from the independent shareholders' approval requirements under the Listing Rules, and are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

THE CONTINUING CONNECTED TRANSACTIONS

On 10 December 2021, Yangcheng Advertising entered into the New Advertising Agency Agreement, with details as follows:

Date: 10 December 2021

Parties: (1) Yangcheng Advertising
(2) YCDM

Services provided: YCDM has agreed to appoint Yangcheng Advertising as its advertising agent in respect of placing advertisements in Yangcheng Evening News. Under the New Advertising Agency Agreement, Yangcheng Advertising will enter into contracts with advertising customers who place advertisements on Yangcheng Evening News and will collect New Advertising Payment from such advertising customers, Yangcheng Advertising will then pay the New Net Advertising Payment over to YCDM. If the aggregate amount of the New Net

Advertising Payment reaches a certain pre-agreed amount, Yangcheng Advertising will be entitled to an incentive amount from YCDM, being a certain percentage of the aggregate amount of the New Net Advertising Payment to be agreed in separate agreements between the parties based on the then market rate and the historical performance of Yangcheng Advertising.

Term: 3 years commencing from 1 January 2022 to 31 December 2024 (both dates inclusive)

Annual Caps: For the year ending 31 December 2022 – RMB6,000,000
For the year ending 31 December 2023 – RMB6,500,000
For the year ending 31 December 2024 – RMB7,250,000

Basis for determining the Annual Caps: The aforesaid Annual Caps are calculated with reference to the internal projections of the amount of the New Net Advertising Payment payable to YCDM for the three years ending 31 December 2024.

The Directors (including the independent non-executive Directors) confirm that the Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and negotiated on an arm's length basis between Yangcheng Advertising and YCDM.

REASONS FOR ENTERING INTO THE NEW ADVERTISING AGENCY AGREEMENT

As advertising is a segment of the Company's media business, it is in the interests of the Company to enter into the New Advertising Agency Agreement, which will facilitate the Company to achieve business continuity and efficiency.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Continuing Connected Transactions and the projected Annual Caps for the Continuing Connected Transactions are fair and reasonable and are in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Continuing Connected Transactions and thus no Director was required to abstain from voting on the board resolutions passed to approve the Continuing Connected Transactions.

CONTINUING CONNECTED TRANSACTIONS AND IMPLICATIONS UNDER THE LISTING RULES

As YCDM is 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 transaction contemplated under the New Advertising Agency Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. However, as each of the applicable percentage ratios for the transaction contemplated under the New Advertising Agency Agreement will, on an annual basis, be more than 0.1% but less than 5%, the Continuing Connected Transactions are exempt from the independent shareholders' approval requirements under the Listing Rules, and are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

The Group has not entered into any other transactions with YCDM in the previous 12 months which are related to the Continuing Connected Transactions. There are thus no prior transactions between the Yangcheng Advertising and YCDM which require aggregation under Rules 14A.81 and/or 14A.83 of the Listing Rules.

GENERAL

The Company is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange. The Group is principally engaged in technology and media businesses. It also has technology operations in e-commerce, social network, mobile internet; and investments in fintech and advanced data analytics sectors. In addition, its media businesses cover both publishing and advertising segments. CKHH is a controlling shareholder of the Company that indirectly owns or controls approximately 36.13% of the issued share capital of the Company, and CKHH, through its subsidiaries, is principally engaged in four core businesses: ports and related services, retail, infrastructure and telecommunications.

The ultimate holding company of YCDM is YC Head Office, which holds approximately 60% of the issued share capital of YCDM and is the controlling shareholder of YCDM. The principal business includes operation and management of printing, publishing, and sales of books, newspapers and periodicals. YC Head Office is supervised and hosted by the Guangdong Provincial Party Committee of the Communist Party of China and managed by the Publicity Department of the Guangdong Provincial Party Committee, which is a third category public welfare institution at bureau level. Its communication business covers various media including networks, newspapers, periodicals and magazines, book publishing and digital media; industrial operations involve a variety of areas including culture and creativity, business-starting services, investment management, performing arts, exhibitions and arts sectors.

DEFINITIONS

“Annual Caps”	the maximum annual amount payable by Yangcheng Advertising under the New Advertising Agency Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)
“Board”	the board of directors of the Company
“Company”	TOM Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2383)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules (as may be amended from time to time)
“Continuing Connected Transactions”	the transactions between Yangcheng Advertising and YCDM under or pursuant to the New Advertising Agency Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Advertising Agency Agreement”	the agreement dated 10 December 2021 entered into between Yangcheng Advertising and YCDM in relation to media buying arrangements, salient terms of which are set out under the section headed “The Continuing Connected Transactions” in this announcement
“New Advertising Payment”	advertising fees collected by Yangcheng Advertising from the advertising customer who advertises on Yangcheng Evening News for the years 2022 through to 2024
“New Net Advertising Payment”	New Advertising Payment net of agency fees
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yangcheng Advertising”	廣東羊城廣告有限公司 (Guangdong Yangcheng Advertising Company Limited), a company organised and existing under the laws of the PRC and is owned as to 80% by the Group and as to 20% by YC Head Office
“Yangcheng Evening News”	the newspaper known as 羊城晚報
“YC Head Office”	廣東羊城報業傳媒集團有限公司 (Guangdong Yangcheng Newspaper Media Group Ltd.), a state-owned enterprise and owns 20% of the registered capital of Yangcheng Advertising
“YCDM”	廣東羊城晚報數字媒體有限公司 (Guangdong Yangcheng Evening News Digital Media Co., Ltd.), a wholly-owned subsidiary of YC Head Office, is responsible for the operational management of the printed media and new media business of Yangcheng Evening News, and undertakes the implementation of YC Head Office's digital strategy.

By Order of the Board
TOM GROUP LIMITED
Yeung Kwok Mung
Executive Director

Hong Kong, 10 December 2021

To the extent that there are any inconsistencies between the English version and the Chinese version of this announcement, the English version shall prevail.

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

Executive Director:

Mr. Yeung Kwok Mung

Non-executive Directors:

Mr. Frank Sixt (Chairman)

Ms. Debbie Chang

Mrs. Angelina Lee

Independent non-executive Directors:

Mr. James Sha

Dr. Alex Fong

Mr. Chan Tze Leung

Alternate Director:

Mr. Dominic Lai

(Alternate to Mr. Frank Sixt)