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TOM.COM LIMITED

(Incorporated in the Cayman Islands with limited liability)

UPDATE ON DISCLOSEABLE TRANSACTION

**Establishment of a joint venture in the People's Republic of China
to be known as 北京三聯世紀文化傳播有限公司
with 生活•讀書•新知三聯書店
which will be engaged in the print media business**

Further to the Announcement and the Circular, the Board is pleased to announce that on 4th November, 2003, TOM China, a wholly-owned subsidiary of TOM, has entered into the Joint Venture Agreement with Sanlian, an independent third party, under which, inter alia, TOM China and Sanlian agreed to jointly establish Beijing Sanlian in the PRC, which will be engaged in the print media business. Beijing Sanlian will be owned as to 49% by TOM China and as to 51% by Sanlian.

The total investment for Beijing Sanlian is RMB50,000,000 (approximately HKD47,169,811), of which (i) RMB24,500,000 (approximately HKD23,113,208) will be contributed in cash by TOM China as part of the registered capital of Beijing Sanlian; (ii) RMB15,500,000 (approximately HKD14,622,642) will be contributed in cash by Sanlian as part of the registered capital of Beijing Sanlian; and (iii) RMB10,000,000 (approximately HKD9,433,962) will be contributed in kind by Sanlian.

Reference is made to the Announcement and the Circular in respect of the proposed establishment of the Joint Venture. Unless otherwise defined herein, terms used herein shall have the same meanings as defined in the Announcement and the Circular.

BACKGROUND

As disclosed in the Circular, on 9th September, 2002, TOM International had entered into the Letter of Intent with Sanlian, an independent third party, under which, inter alia, TOM International and Sanlian have agreed to establish the Joint Venture in the PRC, which will be engaged in the print media business.

The Joint Venture will be owned as to 49% by TOM International or TOM Subsidiary

and as to 51% by Sanlian. Pursuant to the Letter of Intent, a joint venture agreement will be entered into between TOM International or TOM Subsidiary and Sanlian setting the details of the Joint Venture.

The Board is pleased to announce that on 4th November, 2003, TOM China (a TOM Subsidiary) and Sanlian have entered into the Joint Venture Agreement, details of which are set out below. The terms of the Joint Venture Agreement are substantially the same as those of the Letter of Intent.

JOINT VENTURE AGREEMENT

Date: 4th November, 2003

Parties: (1) TOM China

(2) Sanlian

Establishment of the Joint Venture

Pursuant to the Joint Venture Agreement, TOM China and Sanlian agree to jointly establish a Sino-foreign co-operative joint venture enterprise to be known as 北京三聯世紀文化傳播有限公司 (Beijing Sanlian Shiji Wenhua Chuanbo Company Limited) in the PRC.

Equity interest and profit sharing arrangement

Beijing Sanlian will be owned as to 49% by TOM China and as to 51% by Sanlian.

TOM China and Sanlian will share the profits and loss of Beijing Sanlian in proportion to their respective equity interest in Beijing Sanlian.

The TOM Group will equity account for the results of Beijing Sanlian.

Capital contribution

1. (a) Total investment: RMB50,000,000 (approximately HKD47,169,811), of which
 - (i) an amount in USD or HKD equivalent to RMB24,500,000 (approximately HKD23,113,208) will be contributed in cash by TOM China as part of the registered capital of Beijing Sanlian within 12 months from the date of issue of the business licence of Beijing Sanlian. Of which, RMB3,675,000 (approximately HKD3,466,981) will be contributed by TOM China within 3 months from the date of issue of the business licence of Beijing Sanlian;
 - (ii) RMB15,500,000 (approximately HKD14,622,642) will be contributed in cash by Sanlian as part of the registered capital of Beijing Sanlian within 12 months from the date of issue of the business licence of Beijing Sanlian. Of which, RMB2,325,000 (approximately HKD2,193,396) will be contributed by Sanlian within 3 months from the date of issue of the business licence of Beijing Sanlian;

- (iii) It was agreed that a wholly-owned subsidiary of TOM will grant to Sanlian an interest-free loan for an amount equal to the aforesaid cash capital contribution by Sanlian (i.e., RMB15,500,000 (approximately HKD14,622,642)), such loan will be repaid by Sanlian with its share of any future dividend that may be declared by Beijing Sanlian. As at the date hereof, an aggregate of RMB14,100,000 (approximately HKD13,301,887) has been loaned to Sanlian, the balance of RMB1,400,000 (approximately HKD1,320,755) will be loaned to Sanlian before the timing of making the cash capital contribution by Sanlian as described in paragraph (ii) above; and
- (iv) RMB10,000,000 (approximately HKD9,433,962) will be contributed in kind by Sanlian.

The cash capital contribution by TOM China will be funded by internal resources of TOM.

(b) Registered capital: RMB40,000,000 (approximately HKD37,735,849)

2. The in-kind capital contribution by Sanlian will include the following assets:

- (i) the right to use Sanlian's brand name(s), trademark(s) and service mark(s) without charge;
- (ii) the sole and exclusive right to sell and distribute the Magazines; and
- (iii) the sole and exclusive right to sell advertisements in the Magazines.

The valuation of the in kind capital contribution was assessed by Sanlian and was subsequently agreed by TOM China. Prior to the establishment of Beijing Sanlian, a third party valuation of the in kind contribution will be obtained to confirm that such contribution is worth at least RMB10,000,000 (approximately HKD9,433,962).

For the avoidance of doubt, the editorial rights, book numbers (書號) and magazine numbers (刊號) of the Magazines and books published by Sanlian will not be injected into Beijing Sanlian.

Term of the Joint Venture

20 years, from the date of issue of the business licence of Beijing Sanlian.

Business scope of the Joint Venture

Distribution and exporting of periodicals and books; design, production and publication of advertisements in periodicals and books and acting as advertising agent for periodicals and books; trading in and acting as agent of international copyrights, organisation of cultural exchange activities; translation and editing of books; provision of on-line books and magazines information services.

Management

- (a) the board of directors of Beijing Sanlian will consist of 5 directors, of which 3 will be nominated by Sanlian and 2 will be nominated by TOM China;
- (b) the chairman and the deputy chairman of the board of directors of Beijing Sanlian will be nominated by Sanlian and TOM China respectively;
- (c) the general manager of Beijing Sanlian will be nominated by TOM China, and a deputy general manager will be nominated by each of TOM China and Sanlian; and
- (d) the chief financial officer of Beijing Sanlian will be nominated by TOM China.

Transfer of interests

Each of TOM China and Sanlian has a right of first refusal to the other's equity interest in Beijing Sanlian if the other party intends to transfer all or part of its equity interest in Beijing Sanlian to any third party (excluding any entity, which share capital/equity interest is owned as to more than 50% by the party intending to dispose of its equity interest in Beijing Sanlian or by such party's holding company).

DEFINITIONS

“Announcement”	means the announcement of TOM dated 9 th September, 2002 in respect of the proposed establishment of the Joint Venture
“Beijing Sanlian”	means 北京三聯世紀文化傳播有限公司 (Beijing Sanlian Shiji Wenhua Chuanbo Company Limited), the Sino-foreign co-operative joint venture enterprise to be established in the PRC pursuant to the Joint Venture Agreement
“Circular”	means the circular of TOM dated 30 th September, 2002 in respect of the proposed establishment of the Joint Venture
“HKD”	means Hong Kong dollars
“Joint Venture”	means Beijing Sanlian
“Joint Venture Agreement”	means a co-operative joint venture agreement entered into between TOM China and Sanlian on 4 th November, 2003 for the establishment of Beijing Sanlian
“Letter of Intent”	means a legally binding letter of intent entered into between TOM International and Sanlian on 9 th September, 2002 for the establishment of the Joint Venture
“Magazines”	means the 4 magazines published by Sanlian, namely, 《三聯生活週刊》, 《讀書》, 《競爭力》 and 《愛樂》
“Sanlian”	means 生活•讀書•新知三聯書店, a state-owned publisher ministered by the Bureau of News and Publishing in the PRC, which is independent of the Directors, chief executive, substantial shareholders or

management shareholders of TOM or any of their respective associates (as defined under the GEM Listing Rules)

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

“TOM China” means TOM.COM (China) Investment Limited (諾定(中國)投資有限公司), a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of TOM

“TOM International” means TOM.COM INTERNATIONAL LIMITED, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of TOM

“USD” means United States dollars

HKD1 = RMB1.06

By Order of the Board
TOM.COM LIMITED
Angela Mak
Company Secretary

Hong Kong, 4th November, 2003

This announcement, for which the Directors of TOM collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to TOM. The Directors of TOM, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of TOM at www.tomgroup.com.