

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TOM Group Limited

TOM集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8001)

**DISCLOSEABLE TRANSACTION
INVOLVING CASH CONSIDERATION AND ISSUANCE OF NEW SHARES
in respect of
the acquisition of 50% of the equity interest in Hong Xiang New Co.**

The Board is pleased to announce that completion of the Hong Xiang Acquisition took place on 8th April, 2004.

The Board further announces that on 8th April, 2004, TOM Solutions entered into the Supplemental Agreement with Mr. Zhang, under which and subject to the terms and conditions thereof, Mr. Zhang agreed to grant TOM Solutions a right to require him (or his nominee(s)) to purchase the Option Interests.

The Board considers the Put Option granted by Mr. Zhang to TOM Solutions to be a material variation to the Agreement and, accordingly, TOM is required to reclassify the Hong Xiang Acquisition under the GEM Listing Rules. Under Chapter 19 of the GEM Listing Rules, the Hong Xiang Acquisition constitutes a discloseable transaction. The transfer of the Option Interests by TOM Solutions to Mr. Zhang will be classified in accordance with the GEM Listing Rules at the time of exercise of the Put Option by TOM Solutions and TOM will comply with the relevant requirements of the GEM Listing Rules whether or not the Put Option is exercised by TOM Solutions. A circular containing details of the Hong Xiang Acquisition and the Put Option will be despatched to the shareholders of TOM as soon as practicable.

Reference is made to the announcements of TOM Group Limited (“TOM”) dated 5th March, 2002, 27th December, 2002, 30th June, 2003, 31st December, 2003, and 31st March, 2004 (collectively, the “Announcements”) and the circular of TOM dated 26th March, 2002 (the “Circular”) in respect of the Hong Xiang Acquisition. Unless otherwise defined herein, terms use herein shall have the same meaning as defined in the Announcements and the Circular.

For details of the Hong Xiang Acquisition (including the terms of the Agreement, Consideration and payment terms etc.), please refer to the announcement of TOM dated 5th March, 2002 and the circular of TOM dated 26th March, 2002.

Completion of the Hong Xiang Acquisition

As all the conditions precedent to Completion under the Agreement (other than the condition precedent relating to the transfer of all of the equity interest in each of the Retailers owned by Mr. Zhang to Hong Xiang New Co. (“Waived Condition”)) have been fulfilled, the Board is pleased to announce that completion of the Hong Xiang Acquisition took place on 8th April, 2004.

TOM Solutions has waived the Waived Condition, i.e., it has decided not to acquire any of the Retailers.

Supplemental Agreement

On 8th April, 2004, TOM Solutions entered into a supplemental agreement with Mr. Zhang (the “Supplemental Agreement”), under which and subject to the terms and conditions thereof, Mr. Zhang has granted TOM Solutions a right at nil consideration to require him (on his nominee(s)) to purchase:

- (1) the entire issued share capital of the BVI Shareholder; and
- (2) 1% of the equity interest in Hong Xiang New Co.,

(collectively, the “Option Interests”) (the “Put Option”) (which together represent 50% of the equity interest in Hong Xiang New Co.) at the consideration of RMB45,000,000 (which is equivalent to the Cash Consideration under the Agreement).

Pursuant to the terms of the Supplemental Agreement, the Put Option may be exercised by TOM Solutions in the event that all the outstanding receivables of Hong Xiang as at 31st March, 2004, being RMB103,682,224, are not collected by Hong Xiang by 8th April, 2006.

General

The Directors consider that the terms of the Supplemental Agreement is entered into on normal commercial terms, and in the ordinary and usual course of business of the TOM Group and that the terms of the Supplemental Agreement are fair and reasonable and in the interests of the TOM Group so far as the shareholders are concerned.

The Board considers the granting of the Put Option by Mr. Zhang to TOM Solutions to be a material variation to the terms of the Agreement, accordingly, TOM is required to reclassify the Hong Xiang Acquisition under the GEM Listing Rules. Under Chapter 19 of GEM Listing Rules, the Hong Xiang Acquisition constitutes a discloseable transaction. The transfer of the Option Interests by TOM Solutions to Mr. Zhang will be classified in accordance with the GEM Listing Rules at the time of the exercise of the Put Option by TOM Solutions and TOM will comply with the relevant requirements of the GEM Listing Rules whether or not the Put Option is exercised by TOM Solutions. A circular containing further details of the Hong Xiang Acquisition (including updated financial information of Hong Xiang) and the Put Option will be despatched to the shareholders of TOM as soon as practicable.

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

Hong Kong, 8th April, 2004

The Directors as at the date hereof are Mr. Frank Sixt, Mr. Sing Wang, Ms. Tommei Tong, Mr. Henry Cheong, Mrs. Angelina Lee, Ms. Anna Wu, Ms. Debbie Chang, Mrs. Susan Chow, Mr. Edmond Ip, Mr. Holger Kluge, Mr. James Sha and Mr. Wang Lei Lei.

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 statements 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.

** for identification purpose*