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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

Reference is made to the Announcement relating to, inter alia, the Existing HIL Continuing Connected Transactions. The Existing HIL Services Agreement has expired on 31 December 2014.

It is expected that the Group will from time to time continue to enter into with the HIL Group transactions of a nature similar to the Existing HIL Continuing Connected Transactions after the expiration of the Existing HIL Services Agreement.

As at the date of this announcement, HIL is interested in approximately 24.47% of the issued share capital of the Company and therefore is a substantial shareholder of the Company. Therefore, HIL is a connected person of the Company under the Listing Rules. Since the New HIL Continuing Connected Transactions will involve provision of the print, publishing, advertising and other services on a continuing or recurring basis and are expected to extend over a period of time, those transactions constitute continuing connected transactions of the Company under the Listing Rules.

On 20 January 2015, the Company entered into the New HIL Services Agreement for a term of three years commencing as of 1 January 2015. No connected transaction has been entered into pursuant to the New HIL Services Agreement during the period from 1 January 2015 to 19 January 2015 between any member of the Group and any member of the HIL Group. As the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules in respect of the estimated total amount of the New HIL Continuing Connected Transactions will, on an annual basis, be more than 0.1% but less than 5%, the New HIL 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.

BACKGROUND

Reference is made to the Announcement relating to, inter alia, the Existing HIL Continuing Connected Transactions. The Existing HIL Services Agreement has expired on 31 December 2014.

THE EXISTING HIL CONTINUING CONNECTED TRANSACTIONS

Under the Existing HIL Services Agreement, HIL engages TOM International and TOM International agrees to provide and/or procure other members of the Group to provide, the following services to the HIL Group on such terms and conditions as may be separately determined and agreed between the relevant members of the Group and of the HIL Group from time to time during the term of the Existing HIL Services Agreement:

- print and publishing services including the customized publishing services provided in accordance with the specific requirements of each individual customer
- advertising services including television, print, outdoor and online advertising services
- public relations and event management and other organization services (such as organizing press conferences and road shows, etc.)
- internet, mobile internet and website development, maintenance and/or hosting services

The annual caps of the Existing HIL Continuing Connected Transactions for each of the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 are set out below:

For the year ended 31 December 2012 – HK\$53,000,000

For the year ended 31 December 2013 – HK\$56,000,000

For the year ended 31 December 2014 – HK\$60,000,000

For each of the three financial years ended 31 December 2012, 31 December 2013 and 31 December 2014, none of the respective annual cap amount of the Existing HIL Continuing Connected Transactions was exceeded.

THE NEW HIL CONTINUING CONNECTED TRANSACTIONS

It is expected that the Group will from time to time continue to enter into with the HIL Group transactions of a nature similar to the Existing HIL Continuing Connected Transactions after the expiration of the Existing HIL Services Agreement on 31 December 2014. On 20 January 2015, the Company entered into the New HIL Services Agreement, with details as follows:

Date: 20 January 2015

Parties: (1) TOM International
(2) HIL

Services provided: TOM International shall provide, and/or to procure other members of the Group to provide, the following services to the HIL Group on such terms and conditions as may be separately determined and agreed between the relevant members of the Group and of the HIL Group from time to time during the term of the New HIL Services Agreement:

- print and publishing services including the customized publishing services provided in accordance with the specific requirements of each individual customer
- advertising services including television, print, online and outdoor media advertising services
- public relations and event management and other organization services (such as organizing press conferences and road shows, etc.)
- internet, mobile internet and website development, maintenance and/or hosting services
- system integration, application development, server hosting and maintenance services

Fee: The amount, payment method and details of the fee payable for the provision of the aforesaid services shall be separately determined and agreed between such member of the Group who provides the relevant services and such member of the HIL Group who requested the said services prior to their entering into each of such transactions.

Charging basis: The fee for such services shall be determined in accordance with the Group's following policy and with reference to the then market rate for the provision of the relevant services:

- (i) Market price of such services determined by the Company with reference to service benefits, consumer behaviour and pricing of competitive services;
- (ii) Customary profit margin in line with market practice;
- (iii) Target profit margin for the Company for such services with reference to the Group's cost.

Term: From 1 January 2015 and expiring on 31 December 2017

Caps: For the year ending 31 December 2015 – HK\$90,000,000
 For the year ending 31 December 2016 – HK\$92,000,000
 For the year ending 31 December 2017 – HK\$95,000,000

Basis for determining the Caps: The aforesaid Caps are determined based on (i) the revenue for the aforesaid services provided to the HIL Group for the years 2012 to 2014; (ii) the internal projection of the value of the contracts to be entered into with the HIL Group for the three years ending 31 December 2017; and (iii) the estimated price increase of the services with reference to the applicable inflation rates from time to time and changes in pricing of competitive services and market conditions.

Similar to the Existing HIL Services Agreement, the New HIL Services Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and the HIL Group. Pursuant to the New HIL Services Agreement, members of the Group and the HIL Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles in the New HIL Services Agreement. Such detailed terms include (but without limitation) the basis on which the services will be provided and other terms and conditions in relation to the provision of the print, publishing, advertising and other services by the Group to the HIL Group. The parties agree that such

detailed terms shall be on normal commercial terms and on terms no less favourable to the Group than terms available to independent third parties.

The Directors (including the independent non-executive Directors) confirm that the New HIL 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 the relevant members of the Group and the HIL Group.

No connected transaction has been entered into pursuant to the New HIL Services Agreement during the period from 1 January 2015 to 19 January 2015 between any member of the Group and any member of the HIL Group.

REASONS FOR ENTERING INTO THE HIL SERVICES AGREEMENT

The supply of the print, publishing, advertising and other services pursuant to the Existing HIL Services Agreement and the related transactions has formed part of the normal commercial activities of the Group. The transactions are also normal business activities of the relevant members of the HIL Group.

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

NEW HIL CONTINUING CONNECTED TRANSACTIONS AND IMPLICATIONS UNDER THE LISTING RULES

Relationship with HIL

As at the date of this announcement, HIL is interested in approximately 24.47% of the issued share capital of the Company and therefore is a substantial shareholder and a connected person of the Company under the Listing Rules.

New HIL Continuing Connected Transactions

As the New HIL Continuing Connected Transactions involve provision of the print, publishing, advertising and other services on a continuing or recurring basis and are expected to extend over a period of time, those transactions will constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios calculated in accordance with Chapter 14A of the Listing Rules in respect of the estimated total amount of the New HIL Continuing Connected Transactions will, on an annual basis, be more than 0.1% but less than 5%, the New HIL 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.

Apart from the transactions under the Existing HIL Services Agreement, the Group has not entered into any other transactions with HIL or its associates in the previous 12 months which are related to the New HIL Continuing Connected Transactions. There are thus no prior transactions between the Group and HIL and its associates which require aggregation under Rules 14A.81 and/or 14A.83 of the Listing Rules.

GENERAL

The Company 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: e-commerce, mobile internet, publishing, outdoor media and television & entertainment across markets in Mainland China, Taiwan and Hong Kong.

DEFINITIONS

“Announcement”	the announcement of the Company dated 30 December 2011 in respect of, inter alia, the Existing HIL Services 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
“Cap”	the maximum value of the aggregate fee payable by the relevant parties
“Company”	TOM Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares 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)
“Directors”	the directors of the Company
“Existing HIL Continuing Connected Transactions”	the existing transactions between members of the Group and members of the HIL Group under or pursuant to the Existing HIL Services Agreement
“Existing HIL Services Agreement”	the agreement dated 30 December 2011 made between TOM International and HIL in relation to the provision of the print, publishing, advertising and other services to the HIL Group
“Group”	the Company and its subsidiaries from time to time
“HIL”	Hutchison International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Hutchison Whampoa Limited. The principal activity of HIL is investment holding

“HIL Group”	HIL 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 of Hong Kong Limited
“New HIL Continuing Connected Transactions”	the transactions between members of the Group and members of the HIL Group under or pursuant to the New HIL Services Agreement
“New HIL Services Agreement”	the agreement dated 20 January 2015 entered into between TOM International and HIL in respect of the provision of the print, publishing, advertising and other services to the HIL Group, salient terms of which are set out under the section headed “The New HIL Continuing Connected Transactions” in this announcement
“Shareholders”	holders of shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the meaning ascribed thereto in the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong)
“TOM International”	TOM Group International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 20 January 2015

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

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent non-executive Directors:</i>
<i>Mr. Yeung Kwok Mung</i>	<i>Mr. Frank Sixt (Chairman)</i>	<i>Mr. Henry Cheong</i>
<i>Ms. Angela Mak</i>	<i>Ms. Debbie Chang</i>	<i>Mr. James Sha</i>
	<i>Mr. Edmond Ip</i>	<i>Mr. Albert Ip</i>
	<i>Mrs. Angelina Lee</i>	
		<i>Alternate Director:</i>
		<i>Mrs. Susan Chow</i>
		<i>(Alternate to Mr. Frank Sixt)</i>